103

THE FREE AND INDEPENDENT CUBA ASSISTANCE ACT OF 1993

Y 4. F 76/1: C 89/20

The Free and Independent Cuba Assis...

HEARING

BEFORE THE

SUBCOMMITTEE ON
THE WESTERN HEMISPHERE

OF THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

ON

H.R. 2758

MARCH 24, 1994

Printed for the use of the Committee on Foreign Affairs

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H.R. 2758—THE FREE AND INDEPENDENT CUBA ASSISTANCE ACT OF 1993

THURSDAY, MARCH 24, 1994

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON THE WESTERN HEMISPHERE,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:15 a.m., in room 2200, Rayburn House Office Building, Hon. Robert G. Torricelli (chairman of the subcommittee) presiding.

Mr. TORRICELLI. The meeting is called to order. I almost started reading Mr. Rangel's statement as mine. That would have created a revolution. I picked up your statement and was going to start reading it as the opening.

Mr. RANGEL. It is not that far apart, Mr. Chairman.

Mr. TORRICELLI. Over the past 3 years, this subcommittee has held a number of hearings on the question of Cuba. Among other issues, we have looked at the political and economic situation in Cuba, and the impact of the economic embargo, the efficacy of extending the embargo, and the implementation of the Cuban Democracy Act.

Today, we turn our attention to the transition to a post-Castro government. Our specific focus will be on H.R. 2758, "The Free and Independent Cuba Assistance Act of 1993," introduced by Bob Menendez.

This legislation establishes a framework for U.S. assistance programs once the President determines that a transition government is in place. It also establishes criteria that the President must use in defining a transition government, and in defining whether that government is indeed worthy of U.S. assistance.

With no sign that Castro is willing to reform and change the fundamental nature of his regime, some may be wondering why this discussion this morning concerning a post-Castro Cuba. It is, in fact, true, however, that the timing could not be better.

The loss of an estimated $3.5 billion annual Soviet subsidy is shattering communism in Cuba. Indeed, there is consensus among top Cuba analysts and scholars that the collapse of communism in Cuba is imminent.

The signs of impending collapse are multiplying. The list of items subject to rationing continues to grow. Bicycles are replacing buses and cars as the dominant mode of transportation. In the countryside, tractors stand idle for lack of gasoline and spare parts, their work now done by oxen. Factories are closing and produce is rotting on Cuba's docks for similar reasons. In Havana and other

cities, electricity blackouts are expanding, while underemployed urban bureaucrats are sent to the countryside to plant food.

Castro's Cuba is confronting its worst crisis ever and it cannot possibly escape unscathed. In the end, Castro will have to change his thinking or be pushed aside.

The former is unlikely. After 30 years of totalitarian rule, it is doubtful that he will now be flexible enough to adapt to the realities of the post-cold war world. Instead, he will be removed from power involuntarily, either through defeat that is forced upon him or tragically, if necessary, by violence.

In light of the many complications that have surrounded our efforts to aid newly democratic governments in Eastern Europe and the former Soviet Union, it is only logical that we begin consideration of a post-Castro Cuba, just 90 miles from our shores, before the transition occurs.

Mr. Menendez has performed a great service with his authorship of this legislation. It provides an excellent vehicle for considering how the United States can best assist a transition government in Cuba. By beginning this debate now, we can ensure that when the inevitable change finally comes to Cuba, we will be ready.

We will be hearing this morning from three panels of witnesses, including Members of Congress, officials from the Clinton administration, and a panel of Cuba experts. We look forward to hearing their thoughts on the Menendez bill and the prospects of a post-Castro Cuba.

[The prepared statement of Mr. Torricelli appears in the appendix.]

Mr. Smith, do you have any opening statement you would like to make?

Mr. SMITH. Yes, I do, Mr. Chairman. I thank you for yielding.

Mr. Chairman, and members of the committee, I join my colleagues in welcoming to our subcommittee the distinguished witnesses, Ambassador Alexander Watson and AID's Assistant Administrator Mark Schneider, our colleagues from the House of Representatives and our private sector witnesses who bring a welcome contribution of development expertise and long-standing commitment to a democratically elected government in Cuba.

Mr. Chairman, this hearing, which will explore the potential for political transformation in Cuba, reflects the spirit of the legislation introduced by subcommittee member Bob Menendez. The chairman and I, and a good number of members on this subcommittee, are original cosponsors of the bill. We are very proud that he introduced it. The legislation is very forward thinking, and hopefully it will be passed in the not too distant future.

Mr. Chairman, the political revolutions in Eastern Europe and the former Soviet Union have captured the limelight of the last 5 years and caught most of the free world off guard with their suddenness. We were not prepared for the needs demonstrated and expressed by those governments in transition. Consequently, Mr. Chairman, we missed many, many opportunities. Resources were often mismanaged, and we have experienced a range of growing pains through this period of democracy-building in the former Soviet bloc.

The decade-long march toward democratically elected governments throughout the Americas has helped season our skills as supporters of democracy and representative government. Let us hope that all of this expertise will serve us well in the transformation of Cuba.

But, Mr. Chairman, it goes without saying that experience is nothing if not worked into an overall plan. The Free and Independent Cuba Assistance Act provides a framework for the transition, and it is imperative that we take this mission seriously. Frankly, I am not confident of a smooth, carefree transition in Cuba. In fact, we must have wise contingency plans should the changes come at the insistence of disgruntled military or police, or as a result of a violent uprising.

Mr. Chairman, this is an important hearing today. Let me note that members of the minority will be in and out, as we have a conference meeting regarding the crime bill. I, and perhaps others, have amendments which we must present, but I will be back, as will other members of the minority side.

Thank you.

Mr. TORRICELLI. Mr. Smith, we all have a stake in your party resolving its position on the crime bill, so we are glad to have you spend some time in the conference. Thank you very much for your statement.

Mr. Menendez. Thank you, Mr. Chairman. First of all, I appreciate your words as well as the fact that many of the members of this subcommittee are original cosponsors, and also the ranking member for his original cosponsorship and his words. And I appreciate you holding this hearing on this important matter, and once again want to recognize your leadership role on this issue, Mr. Chairman. I am confident that history will record it as a role of a visionary.

There is a virtual consensus among Cuba analysts from throughout the entire political spectrum, and even among foreign governments, that Castro's Cuba is politically and economically anachronistic and bankrupt.

The collapse of communism and the dismantling of the East bloc has left Cuba isolated and in a deep crisis. Castro's political dictatorship, which excludes and represses popular participation, is not viable. Recent reforms to Cuba's external economic sector are insufficient—and will be insufficient—to lift Cuba out of its quandary. Such a failed system of government simply cannot be sustained internally. The genesis of a new system of government in Cuba therefore is inevitable.

Cuba has yet to begin a process of transformation away from its Communist dictatorship and a command economy toward political democracy and an open economy. When it does, however, the United States should be prepared to nourish democratization and to encourage privatization in Cuba, as we have done in Eastern Europe and are now attempting to do in the former Soviet Union. Ultimately, friendly relations with a free and independent Cuba will benefit the United States economically and politically.

After and long and hard look at this issue, I concluded that the United States should anticipate a genesis in Cuba, rather than

react to one only after it occurs. The United States should be prepared to act today were the Castro regime to fall tomorrow. We must be prepared for a change of regime in Cuba, I believe, during the Clinton administration.

And that is why I have introduced, and am confident to the balanced approach that H.R. 2758, The Free and Independent Cuba Assistance Act, provides. And let me just briefly outline the bill, Mr. Chairman.

The bill basically provides for a two-tiered assistance program to a post-Castro government in Cuba; first, to a transition government, and next, to a democratically elected government. Recognizing that both bilateral and multilateral assistance will be required, we hope to lead an international effort to move Cuba toward becoming a bona fide and prosperous member of the international community.

Our purpose is twofold: First, to create incentives for the Cuban people to initiate a process of genuine transition to a political democracy and an open economy. Second, to lend the Cuban people a hand in developing and consolidating a democratic government, an open economy, and supporting institutions.

The focus of the first phase, or the transition phase, of the assistance program is on solving Cuba's most immediate problems, establishing contacts between the United States and the transition government, and initiating a constructive relationship with the Cuban military. The United States would begin to provide emergency relief, humanitarian assistance, and military adjustment assistance to Cuba as soon as the President certifies that a transition government exists in Cuba. The assistance is quickly delivered, as the bill requires, by U.S., international or indigenous nongovernmental organizations.

How do we get started? First, we have to get the Cuban people to have faith in our program and to trust our intentions.

At the outset, it should be U.S. policy, as H.R. 2758 states, that in solidarity with the Cuban people, the United States considers self-determination to be their national and sovereign right. The Cuban people must understand that the United States harbors no aggressive intentions toward them; that we recognize that it is they who must take the future into their own hands; that in a period of transition they are not isolated; that the United States is committed to lending them a hand at this time of desperate need. To demonstrate that we mean business, we offer a renegotiation or an outright return to the democratically elected Government of Cuba of the U.S. naval base in Guantanamo.

We can establish confidence early in the process by feeding the hungry and healing the sick. The Cuban people, because of Castro's dictatorship, lack basis sustenance and adequate health care. As food, medicine and medical equipment begins to arrive on a regular and reliable basis, the people will develop hope that a better way of life is coming. The process of providing and distributing aid is in itself critical. The people-to-people ties and exchanges that will develop will build confidence among the Cuban people that a new and functioning system can be built.

We want to express this message of support to the Cuban military. "We are willing to help you adjust to a new life in a democ-

racy. Like your Russian counterparts, you have returned from adventures abroad and survived deception at home. We are aware of the difficulties that you face." Our bill recognizes the military's adjustment problems, such as housing and employment, and would provide help.

This is a caveat. While democracy cannot be expected to arrive in Cuba overnight, U.S. assistance should be directed only toward a Cuban Government that can demonstrate that it is engaged in a process of genuine transition toward democracy.

We list a series of issues that we believe are guidelines for making that determination, and we believe that under those determinations we can move forward with a plan of assistance. And I think that the United States must maintain, and without apology, that democracy, respect for human rights, free and fair elections, and the rule of law should characterize the future democratic regime in Cuba. These standards are international, and may be found in the Universal Declaration of Human Rights of 1948, to which Cuba is a signatory.

Mr. Chairman, in deference to our colleagues who are here, we have a longer statement. We talk about the second part of the bill which works with international organizations under a democratically elected Cuba—the World Bank, the Inter-America Development Fund, the International Monetary Fund. We talk about those possibilities.

And I think that the one thing that we want to say is that, in fact, we believe that this act sends a beacon of light to the Cuban people. It says that we are in solidarity with you, but not with those who enslave you. We are ready to help, but first you must help yourselves, and we remove the impediments to democracy, and in doing so, we offer a strong helping hand.

And to the Cuban military we are not your enemy; have no interest other than to recognize that we understand the pain of adjustment. We are willing to help so long as you do not turn your guns on your brothers and sisters as they move to seek freedom and democracy.

And finally, to the world community we erase the erroneous view, which you began, Mr. Chairman, in your Cuban Democracy Act, that the U.S. policy is strictly punitive toward the Cuban people and show that we are eager to welcome Cuba into the family of nations in a substantive way.

I would ask for the rest of my statement be included in the record.

Mr. TORRICELLI. Without objection at this point the entire statement will be included in the record.

[The prepared statement of Mr. Menendez appears in the appendix.]

Mr. MENENDEZ. And I would also ask, Mr. Chairman, we had, through your cooperation, invited Professor Irving Louis Horowitz, who is a well renowned Cuban expert. He could not be with us but, in fact, submitted testimony which I will ask to be included in the record. It refers to the bill as well as——

Mr. TORRICELLI. Professor Horowitz actually was a professor of mine in college, and he gave me a very good grade. [Laughter.]

Without objection, it will be included in the record at this point.

Mr. MENENDEZ. I am glad we picked the right person, Mr. Chairman.

And I would also like to include in the record an executive summary of an approximation of foreign assistance requirements of a democratic Cuba done by two economists, Jose Alonso and Armando Lago, which I believe would be beneficial to the consideration of the committee.

Mr. TORRICELLI. Without objection, it will also be placed in the record.

[The executive summary appears in the appendix.]

Mr. TORRICELLI. Thank you for your statement.

Mr. MENENDEZ. Thank you.

Mr. TORRICELLI. Ms. Ros-Lehtinen.

Ms. ROS-LEHTINEN. Thank you very much, Mr. Chairman. I would like to congratulate our dear colleague, Mr. Menendez, for introducing H.R. 2758, The Free and Independent Cuba Assistant Act, a bill which I believe is of utmost importance to the future economic development of Cuba once Castro's totalitarian regime disappears.

This act is a clear indication to the Cuban people that the United States will aid Cuba in its economic and political transition toward free markets and democracy.

Since 1959, when Castro took power in Cuba, the Cuban economy has been characterized by its failed centralized planning. Upon taking power, Castro embarked on a radical liquidation of market mechanisms which the state has never been able to reproduce. As a result, the Cuban economy has been marked by inefficiency, by inadequate distribution of resources, by over-reliance on sugar, and dependence on the Soviet Union.

The consequences for the Cuban people has been decades of rationing, and a dramatic decline in Cuba's standard of living relative to the period prior to the revolution.

The economic situation in Cuba has further deteriorated with the disappearance of the Soviet Union and the Communist nations of Eastern Europe. These nations were Cuba's main trading partners, accounting for more than 80 percent of Cuban trade, and provided Cuba with preferable trade agreements which greatly improved Cuba's terms of trade.

Among these arrangements was the paying of artificially high prices for Cuban sugar and allowing Cuba to reexport Soviet oil.

The loss of its main markets has forced the regime to consider adopting market reforms, which it has been clearly reluctant to accept previously. The two major reforms implemented, the legalization of the dollar and the legalization of self-employment in a few areas, are modest changes which do not alter Cuba's command controlled economy in any significant way. These reforms seem directed at providing a short-term pass-flow to the Communist elite who rule the country, and not at transforming the Cuban economy.

Mr. Chairman, this bill addresses various key elements in the future successful transition of Cuba from totalitarian dictatorship to political pluralism and free markets.

In the political realm, the bill clearly states that the United States will respect the Cuban people's self-determination to elect a

democratic government, and will not support one individual or entity over the other.

It also provides for assistance to help the Cuban military adjust to a new role in a demilitarized democratic system. This provision is of particular importance because if we are to see a peaceful transition toward a democratic Cuba, the military, as one of the most powerful institutions in the country, must be on the side of political pluralism.

In the economic realm, the bill sets up a framework for future U.S. aid to the Cuban Government once a transitional government is implemented. U.S. assistance to a transitional government would include humanitarian and emergency relief assistance, as well as aid and credit from U.S. agencies such as the Export-Import Bank, the Trade Development Agency, and the Overseas Private Investment Corporation.

Moreover, the transitional government would only receive the aid if it releases all political prisoners, if it allows international human rights groups to monitor Cuban prisons, if it respects internationally recognized human rights, and allows the free organization of labor unions.

In addition, the transitional government must be willing to call democratic elections within a year of taking power, and must take steps to implement a market economy in the country.

The bill would also lift the trade embargo against Cuba once the President determines that a democratic government exists in Cuba, and calls for the inclusion of Cuba into the Caribbean Basin Initiative. This is significant because it opens the U.S. market to Cuba.

Thus, the bill is not merely made up of one-way transfers of aid to the island, but by opening up the U.S. market to the island, it allows Cuba to use trade as one of its primary weapons of development.

Mr. Chairman, the days of tyrannical rule and repression in Cuba are slowly coming to an end. H.R. 2758, the Menendez act, is a good first step toward future U.S. aid to a democratic Cuba, fulfilling our responsibility of helping our close neighbor 90 miles from our shores.

Cuba's self-incorporation into the world economy and into the community of civilized nations will not be an easy one. However, this bill will make this road a little smoother so that Cuba and its people can soon get back on their feet.

I congratulate once again our colleague, Mr. Menendez, for his hard work in drafting this legislation.

Thank you, Mr. Chairman.

Mr. TORRICELLI. Thank you very much.

Mr. Deutsch.

Mr. DEUTSCH. Thank you, Mr. Chairman. I want to commend the subcommittee for holding hearings on the Free and Independent Cuba Act. And I too want to join my colleagues thanking Mr. Menendez for introducing this important bill.

Once passed, it is this legislation that will help prepare the United States for the inevitable changes that will transform life in Cuba as we know it. As a member who represents the district closest to Cuba, I have a very personal interest in planning for an or-

derly transition in the Cuban Government from dictatorship to democracy.

As part of these efforts, I have been working successfully with the U.S. Coast Guard to ensure that adequate resources are stationed in Key West in case of these changes, and when these changes do occur.

In addition, I have joined my colleague, Mr. Menendez, in introducing the Free and Independent Cuba Act, a bill that maps out the U.S. policy toward a democratic successor to the oppressive Castro regime.

This legislation authorizes aid to a Cuban Government in transition and humanitarian assistance to the Cuban people in order to ease their transition to democracy. It provides for the lifting of the three decade-long embargo against Cuba once a democratic government has been established. And finally, it completely endorses the right of the Cuban people to self-determination, while not promoting or prescribing any specific choices.

The hopes and dreams of the Cuban people have died under the Castro regime. The system that exists under Castro is one of systematic repression, humanitarian abuse and poverty. This, however, was certainly not the vision for which the Cuban people struggled. After more than 30 years of repression and isolation, the Free and Independent Cuba Act is an assurance to the people of Cuba that the United States is prepared to assist them with their return to the world community. As Americans, we remember only struggle for sovereignty, and the belief that this was and is our fundamental right.

Mr. TORRICELLI. Thank you, Mr. Deutsch, very much.

Mr. Wynn.

Mr. WYNN. Thank you, Mr. Chairman. I would just like to commend my colleague, Mr. Menendez, for all his hard work and leadership on this issue. In view of the fact that we have four of our colleagues waiting to testify, I would defer any further opening statement and request to unanimous consent to submit my statement for the record.

Mr. TORRICELLI. Without objection, it will be entered into the record that it was remarkable strategy for popularity in this room. [Laughter.]

[The prepared statement of Mr. Wynn appears in the appendix.]

Mr. TORRICELLI. Given our number of colleagues we have with us, the subcommittee, of course, needs a rule to deal with the order in which they will be received. Ordinarily, this, of course, would be in seniority with the committee members first. I think that is a good rule for the committee unless there is a member from New York or New Jersey, which there is, who will go first. [Laughter.]

Mr. Rangel.

Mr. RANGEL. Thank you, Mr. Chairman.

Mr. TORRICELLI. In deference to my neighboring district, if you would like to proceed.

First, Mr. Rangel, let me say, while indeed you and I may represent either poll of opinion on the question of strategy with regard to Cuba, I do know that we share the same objectives, which is freedom for the Cuban people. You have been a voice of human rights in this institution long before I arrived.

And as we pursue our different strategies, I am grateful to you in hosting a hearing just last week, you extended every courtesy to me and gave me the opportunity to express my views. We are delighted to have yours here today, and please proceed.

STATEMENT OF HONORABLE CHARLES B. RANGEL, A REPRESENTATIVE FROM THE STATE OF NEW YORK

Mr. RANGEL. Thank you, Mr. Chairman. I would like permission to have my statement entered into the record.

Mr. TORRICELLI. Without objection.

Mr. RANGEL. Let me thank you for setting this tone and thank Mr. Menendez, as well as Congresswoman Ros-Lehtinen, because I think one thing that we are doing by the introduction of legislation, by holding hearings, is showing that we all are concerned about the removal of a dictator, the protection of human rights, and the fact that our country was based on a free market system and democracy, and that is what we are going to encourage wherever and with whomever we do business with.

How we reach that objective in this country, we can debate, we can discuss. I do not really think any of the legislation that we are supporting is going to resolve this problem. It is going to be a question of our State Department deciding what is in our best national interest.

I guess you will be declared visionary, Mr. Chairman. I am frightened to death that that person you described over there because when the Soviets first put their missiles there, indeed I was physically frightened because I really thought that they would be a threat to our national security.

As I look at Castro, as I see the economy deteriorating, as I see people sick with disease and malnutrition and lacking medicines and food, I just never thought about him the way you described in your opening statement. I thought this was a broken man deserted by another form of dictatorship, the Soviet Union, and that democratic principles prevailed. And that here we find now a government that is failing and we now have taken the blame for a lot of Cubans inside of Cuba where they are blaming their pain and suffering on the embargo, when in fact every country that has adopted communism as a way of life have failed around the world.

And it seems as though, from the opening statements, that we are now saying that the more pain we can put, the more the people are going to come and up rise and kick him into the Caribbean.

Well, I do not know. I hope the CIA is doing better in Cuba than they are doing in Haiti, because——

Mr. DEUTSCH. In Washington.

Mr. RANGEL. Yes. Because I do not know who in the heck is going to be leading these troops. And if we do have an uprising, Congressman Deutsch, whose district is the closest, my God, I see an exodus there the same way I would see in Haiti.

In Haiti, we fought for democracy and open elections. We just did not like who they elected. You know, so things happened, CIA works out their deal, and who knows, we are now trying to cut a deal to work with the generals that were responsible for the coup. And so I hope we learned by our mistakes.

But it seems to me that these modest changes that certainly do not reach the standards of the United States or loving countries, the fact that they are changing some parts of the economy or that they have pulled their troops out of other people's internal affairs. But if I saw an economy that looked like it was crippled, I would want a free, open market to be exposed to it so that we can allow those poor folks there to decide which type of government they want—what they have been stuck with under Castro or what they would see with the United States.

Now, we are talking about open elections. How are you going to have open elections when it is generally felt that people can go to jail just for expressing themselves?

It would seem to me that what we should be doing is doing the things before we wait for the so-called democracy and elections by making certain that we go in there and find out how many people are being held against their will merely because they spoke out against the government. You cannot possibly think of having open elections until you can determine if people can express themselves in Cuba.

Now, there is a difference of opinion. So let us go search out and find out what the truth is, regardless of when you want the elections or whether you are for or against the embargo. Because of this standard of talking to people based on open markets, free election and human rights, who would we be doing business with?

I mean, give me a break. We have been dealing with dictators throughout our foreign policy. Of course, that was before you assumed the chair of this responsibility. And certainly in China, why our business people would be shocked and dismayed to hear that we have got to wait for an election before we would do business with them. And in Vietnam, where so many of our soldiers were lost in fighting against communism, the same way I lost so many of my friends in Korea and was wounded, we do not seem to be pushing North Korea with the same feeling as we do with Castro and his rag-tag bunch of soldiers.

So what I am saying is that let us never give up our principles, but at the same time we do not have wait for legislation to pass to keep pursuing the question of human rights. Whether we do business, whether we do not do business, that should be on our common agenda no matter which side we are on or how we reach the objective.

Now, what I am concerned about is that here we have in Haiti a so-called embargo. It does not apply to U.S. firms that are there. It does not apply to the Dominican Republic. We have had it on for a year or so, and clearly we are not enforcing it.

And people say, well, how can you talk about tightening an embargo in Haiti, and is it not hypocritical to talk about removing it in Cuba?

Believe me, I would like to believe, if God is good enough to have me around for 34 years, and we still have an embargo against Haiti, I would be pained to see how many more Haitians will have to suffer, waiting for the people to revolt against the only people who have the guns. I mean, it is absolutely ridiculous if you think that the poor folks in Haiti stand a ghost of a chance in overthrowing their type of criminal military government.

And I certainly would not want the poor Cuban people who are suffering to have to take on that rag-tag Cuban Army in order to show that one day we will be prepared to do what? Evaluate the new government and then determine what, if any, assistance we would give.

So I would rather leave this hearing in saying that, hey, we have a common cause. We cannot continue to have a double standard of people in our area than we have around the world. We want democracy, we want Presidents, and we want democracies that is more in line of democracies that we can work with.

But I am frightened to death that we are just shooting crap in Cuba the same way we are doing in Haiti. We have not the foggiest ideas who will emerge as the new leader. Will it be someone that will be anti-United States? Will it be someone, if it is at all possible, worse than Castro? Are we working toward a transition? Do we have someone that we are supporting like we did in Haiti?

I do not know, and, quite frankly, I do not want to know. But it would seem to me that as we pursue these goals in Cuba, as we do with every nation that we do business with on the face of the earth, that we could find some compassion for the people that are there in saying that while we believe that we can win this war or finalize the victory, because we have won, by showing that cultural exchange, social exchange, economic exchange can prevail over that broken down system that they have in Cuba.

I am confident that the spiritual leaders led by Cardinal O'Connor from my particular community, in bringing food and vitamins, tons have already been shipped in there, is going to prevail, and we are not going to have the Cuban people in Cuba suffer because of our failed policy in that particular part of the world.

We have got a double standard with Haiti, a double standard with Cuba, and I think if we have just one international trade standard, never losing our principles as to what we would want to obtain for those people, then I would feel more comfortable as an American, rather than selectively deciding which ones have to have an immediate democracy before we will extend ourselves to help the poor and the sick and those that are being blinded.

I close by saying, Mr. Chairman, I think this is good. I am not certain this kind of debate can be had in Cuba. I was not certain before that this kind of debate could have been had in Miami. But because of the hearings that I have had, the people that have come forward, I thank the members that support the continuation of the embargo for saying let the debate continue.

Thank you, Mr. Chairman. I thank the members of this committee.

[The prepared statement of Mr. Rangel appears in the appendix.]

Mr. TORRICELLI. Thank you, Mr. Rangel, very much for your statement.

Mr. Hastings.

STATEMENT OF THE HONORABLE ALCEE L. HASTINGS, A REPRESENTATIVE FROM THE STATE OF FLORIDA

Mr. HASTINGS. Thank you very much, Mr. Chairman.

Mr. Chairman, and members of the subcommittee, I appreciate you also very much, and particularly the emphasis on the measure

H.R. 2758 offered by my colleague, Mr. Menendez. I greatly appreciate your extending to us an opportunity to express our support for H.R. 2758.

I cannot help but respond, in part, to some of my dear colleagues and mentor and leaders' comments, and most respectfully ask the chair to allow my written comments to be made a part of the record.

Mr. TORRICELLI. Without objection, at this point in the record.

[The prepared statement of Mr. Hastings appears in the appendix.]

Mr. HASTINGS. I became an original cosponsor of Congressman Menendez' legislation because I believe strongly in its goal of encouraging the people of Cuba to work toward political reforms, while illustrating yet again to the Castro regime that an economic detente with the United States is not an option until the people of Cuba are free. They must be free of the dictatorship that has strangled them for many years, free of political and social oppression, and free of an unworkable economic system which has brought ruin to their once prosperous island.

Although political analysts have been predicting, and I see it all the time as a Representative from south Florida, the imminent downfall of Fidel Castro for many years with the collapse of Castro's Communist backers, true reform might possible be near. And when that day does come, I believe, as I heard Congressman Rangel say, that we must be ready to extend to the people of Cuba our assistance, to the extent that we can.

The H.R. 2758, in a proactive manner, in my opinion, will do just that, and this legislation creates incentives for the Cuban people to move toward political democracy and a market economy, and it will help the people of Cuba implement a democratic government. I strongly support this legislation, and I thank the subcommittee for its consideration.

Just in closing, Mr. Chairman, to share with my dear colleagues, Congressman Rangel, I do not think that any of us are unmindful of a great need that we have for compassion for the people who are suffering at great length in Cuba. But the reality is that with the kind of cunning and viciousness of the dictator that controls them, with or without an embargo, in that particular setting the people are going to suffer.

Let me give you the example. If 100 pounds of sugar arrived on the dock in Havana, and if the intent is—and sugar would be bad to be sent to Cuba—salt, perhaps, since they already have a lot of sugar. Let us make it salt. And if it was to be distributed to the populace in general, then it never would reach the populace, and it would only strengthen the person that would control the access to the populace, and that is what is happening right now in Haiti. The embargo is not hurting Cedras. It is hurting the people in the countryside.

So if you took the embargo off, Castro is still in control. If you put the embargo on and strengthened it, Castro is still in control, and the people in the final analysis are suffering at great lengths.

The distinctions between our policy, in my opinion, toward Cuba, and say China and Korea, is that we do not have folks who have abandoned their land, had their land taken away from them, lost

their loved ones who are living immediately in our shores, many of whom are nationals, some of whom are right here in this room who are now representatives from the State of Florida.

So toward that end I would hope that we would continue the embargo, and I would hope that we would pass with flying colors H.R. 2758.

Mr. TORRICELLI. Thank you, Mr. Hastings.

Mr. Gutierrez.

STATEMENT OF LUIS V. GUTIERREZ, A REPRESENTATIVE FROM THE STATE OF ILLINOIS

Mr. GUTIERREZ. Thank you very much, Mr. Chairman. I am pleased to testify today in support of The Free and Independent Cuba Act of 1993.

I would like to commend my good friend, and I would like to recognize my good friend and colleague Mr. Menendez for his work on what I consider to be an outstanding and important piece of legislation.

I strongly believe that by supporting and passing this legislation the Congress of the United States sends a crucial message to the people of Cuba. We send a message that says the United States is willing to support and work for the same democratic values for Cuba that we hold so critically dear here at home.

It is a message that says that we recognize that the desire for freedom and justice and liberty has not been extinguished within the people of Cuba simply because it is absent from its leaders.

It is a message—and this is a very important part of that message—that says the United States will respect above all else the right of the people of Cuba to self-determination and to choosing the course their future will take.

Let us be candid—few people remain who believe that the economically crippled and morally bankrupt regime of Fidel Castro can survive indefinitely.

Yet, instead of taking action now, to prepare to help the people of Cuba with their transition away from a Communist government, we struggle, and debate, and wait to decide how our Nation can best help.

I believe this legislation helps to replace debate with action, to replace indecision with bold steps toward helping the people of Cuba achieve the freedom and independence we value so much here.

This legislation says that our Nation should move aggressively to help Cuba by aiding any transition government with emergency relief assistance, committing to help further with long-term assistance to any democratic government in Cuba. It achieves these goals in several important ways.

Others have and will catalogue the manner in which this assistance will be given to the people of Cuba: through an important combination of loans.

More importantly, this legislation assures that the United States will be more than a partner.

At the heart of the Free and Independent Cuba Assistance Act is the recognition of and respect for the self-determination of the people of Cuba. The United States should not in any way dictate

to the people of Cuba what their future will be. Only the people of Cuba can make that decision.

And our Nation should make absolutely clear that we are prepared to be partners in change. And when the people of Cuba begin their move toward democracy, that they will not do this in isolation; that the leaders of our Nation will stand with them during their transition, stand with them as long as they work to build the infrastructure of democracy.

And let us be honest—it is in the best interest of our Nation to support a free and independent Cuba. A free and independent Cuba enhances U.S. security, helps to promote political stability and harmony in the Western Hemisphere and can eventually be of economic benefit for all of the people of the region.

In the past years, the United States has stood with the people of Poland and Germany, Ukraine and Russia as they have struggled for freedom, democracy and independence.

The Free and Independent Cuba Assistance Act says only that we will work to take the same steps right here in the Western Hemisphere. I firmly believe to do otherwise would be a grave mistake.

I wholeheartedly urge the members of this committee to support this important initiative.

And thank you again, Mr. Torricelli, for allowing me to testify before your subcommittee.

[The prepared statement of Mr. Gutierrez appears in the appendix.]

Mr. TORRICELLI. Thank you, Mr. Gutierrez, very much. Thank you for being with us.

Mr. Diaz-Balart.

STATEMENT OF LINCOLN DIAZ-BALART, A REPRESENTATIVE FROM THE STATE OF FLORIDA

Mr. DIAZ-BALART. Thank you, Mr. Chairman, for the opportunity to testify today before the Subcommittee on the Western Hemisphere with regard to this important piece of legislation, the Free and Independent Cuba Assistance Act.

Mr. Chairman, the Cuban people know more than anyone else about the great importance of the U.S. trade embargo against the Castro dictatorship.

They know that the trade embargo maintained by the United States against the brutal dictatorship that has oppressed Cuba for 35 years, is a manifestation of solidarity with the people of that suffering island, intended to assist these people in obtaining its freedom.

And they know that the lifting of the trade embargo at this time, without demanding free and fair internationally supervised elections, would constitute a great victory for the dictatorship and a humiliating defeat for the Cuban people.

I am here today to wholeheartedly and strongly support the Free and Independent Cuba Assistance Act sponsored by my good friend from New Jersey, Congressman Bob Menendez. I am grateful to Congressman Menendez for the opportunity that he gave me during the time that he was drafting the legislation to comment upon it and to make suggestions concerning it.

The Menendez bill, when it becomes the Menendez law, will make an important contribution to U.S. policy toward Cuba. The Menendez bill clarifies that the United States strongly supports the right of self-determination of the Cuban people, and just as importantly, that the United States will strictly adhere to a policy of total respect for the sacred independence and sovereignty of the Republic of Cuba.

With that in mind, the Menendez bill commits the United States to renegotiate with the future democratically elected Government of Cuba, the terms by which the United States retains the naval base at Guantanamo, with the goal of improving the terms of the lease for the Republic of Cuba or returning the base to the Republic.

The Menendez bill makes it amply clear to the Cuban people in multiple ways that the United States stands ready to assistant them in reconstructing their country from the ashes of the nightmare of the total destruction brought to Cuba by the tyranny of Castro.

It is important to remember that, in 1959, as the U.S. Principal Deputy Assistant Secretary of State for Inter-American Affairs, Mr. Michael Skol, testified last week, Cuba's per capita Gross National Product was equal to that of Italy's.

It is also important to remember that until Castro took power in Cuba, the Cuban people were not an emigrant people. Anyone who wanted to leave Cuba could do so voluntarily, and, in fact, any Cuban who sought to obtain an immigrant visa to the United States was eligible for it. The Cuban national currency, the peso, was equal in value to the U.S. dollar and was fully convertible and exportable. Cubans as a whole, however, invested and kept their funds in Cuba.

All that and much more was accomplished by the Cuban people during the years of the Republic without foreign assistance and before The Alliance for Progress, the Inter-American Development Bank and the other vehicles for financial assistance were developed in the years subsequent to the collapse of the Cuban Republic.

Mr. Chairman, the Cuban people know all too well the tragic state of the Cuba of today. Despite the delivery to Castro by the Soviet Union of almost $100 billion in aid—as Secretary Skol pointed out, about $700,000 per hour for 30 years—the economy is absolutely and totally destroyed. In addition, the people are oppressed in a manner unparalleled in the history of the Western Hemisphere. Acts of repudiation are common; political prisons are full; it is a crime even to leave one's own country; tourism apartheid reigns; and only the dollar is sought as tradable currency within Cuba.

But the opposition of the Cuban people to the dictatorship is overwhelming and there is a profound national consensus against Castro. Despite the efforts of those who seek to help Castro, either by investing in the tourism apartheid of today, or by providing the dictatorship with oil, or by seeking to lift the U.S. embargo, the Cuban people will soon be free of their totalitarian nightmare, and the reconstruction of Cuba will begin.

Wisely, Mr. Menendez' bill leaves no doubt that the United States stands ready to lift its trade embargo as soon as the Cuban

people are free, and that the United States looks forward to enthusiastically assisting the Cuban people in their inevitable economic reconstruction within freedom, democracy and the rule of law.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Diaz-Balart appears in the appendix.]

Mr. TORRICELLI. Thank you, Mr. Diaz-Balart.

I am going to yield to Mr. Menendez in a moment, only if I could add my own contribution to this discussion.

In the final analysis, this Congress and this government is faced with a judgment call about which strategy best pursues our national interests and a just transition to democracy for the Cuban people.

Arguments can be made on either side, the influence of a free market and the exchange of ideas and goods leading to an inevitable transition, or, indeed, the embargo forcing political change, confronting the reality of the choices before the Cuban people and their government.

This Congress has chosen a path. We have begun to follow it: the embargo, which I think was justly extended internationally, but allowing for the very delivery of the humanitarian aid by the Catholic Church that Mr. Rangel cited, not in contravention of American law or the work of this committee, but because of it; the opening of communications to spread ideas; the establishment of new phone links and mail delivery; not despite the efforts of this committee, but because of it, leaving our principal wedge for change in three arenas, humanitarian assistance, communication and the embargo.

I recognize the controversy of the embargo. It is not easy for any member of this institution or this government to live with the reality that people are suffering in deprivation. But in the final analysis in embarking on this path, it was a question of whether it was crueler to impose a deprivation which in our judgment was disproportionately on the leadership of the Communist, but without question impacting everyone on the island, or to accept another generation of dictatorship, imprisonment, torture and cruelty for the Cuban people.

There was no perfect choice. We made the best choice available.

My principal argument, however, rests with those, not who in honest disagreement would have chosen a different course, a reasoned person could come to a different conclusion—only history will tell us who was right—but with those who argue that there is not an American national interest, or that with the exhaustion of the cold war, somehow our objectives in Cuba have changed.

America's interest in human rights and pluralism did not begin with the fight against communism. Indeed, it was our greatest cynics during the cold war who argued our interest in democracy, or free markets, or human rights was only a vehicle against Soviet communism. We have spent years arguing that that was not the case. We were interested in human rights for human rights' sake.

That test is now in Cuba. It is true Cuba is not a security threat to the United States, but it is a threat to everything we hold dearest, and the rights of men. That is the foundation of why this embargo has been extended.

All that I can urge is that in the debate that we have internally, that it be done civilly and honestly, true to our traditions, and that the American people have a sense of patience and of reality.

All I have ever suggested, in dealing in the formation of a policy with Fidel Castro, is that we take him at his word. I did not formulate legislation that is the foundation of this embargo lightly. I went to see him. I spent hours with him; watched carefully from the perspective of being in the Carter administration, to the vantage point of being in this institution.

In my conversations with him, in my reading of the literature, there is no suggestion that any softening of American policy, any extending of opportunity would in any way lead to a lessening of the dictatorship. If it existed, if I saw it today, I would believe in an American response.

Castro's words have given every indication that he will see his revolution through no matter what the human cost, no matter what the toll on the Cuban people. It is in response to his words that this committee took its fateful action.

I believe we are on a course. Embargoes are a difficult alternative. When I read the suffering of the Cuban people, or the Haitian people, or any people, it troubles all of us. But it is my own belief that economic embargoes are the logical and rightful extension of diplomacy, a place for national policy to rest between the visits of diplomats and the opening of armed conflict, a better alternative.

It is my profound hope that this embargo is an alternative to armed insurrection and conflict within Cuba, or the tragedy of conflict between nations; the same logic that led us to apply economic pressure on Russia for reforms and to allow the exodus of Soviet Jewry; the pressure on Vietnam which succeeded in lessening the concentration camps for South Vietnamese Government officials; the same which may lead us to denuclearization for North Korea; the same which has led us to an embargo on Libya and Iraq for different objectives; the same which led us in Rhodesia and South Africa.

They do not yield immediate results. Rhodesia took a decade. In South Africa, it took longer. In Vietnam, it took 15 years.

But it can succeed, and it is the better alternative to the inevitability of conflict which comes between free states, of people desiring freedom, and dictatorship.

That is the alternative that we have pursued, not because we think it's perfect, not because we think it is harmless, but because we think it is the better road taken. History will be our judge, but I believe in the final analysis that when the Cuban people sit in judgment on us, the suffering they sustain or the loss of another generation, they will understand that what we have done is in the best traditions of the American people.

And if the final analysis we must stand alone, as indeed despite the failures of American policy in Haiti and elsewhere, then we stand alone. The French can continue to trade with Haiti, and the Dominicans run oil over the border. That says much about them. And the Canadians and the British can continue to subsidize Castro through their economic trade. That speaks volumes about them too.

If the United States, in protecting students in Tiananmen Square, or demanding justice for those who destroy civil aircraft in Libya, must stand alone, then we stand alone. I can think of no finer statement about the United States of America or the things that make us unique in the world.

Mr. Menendez, would you like to pursue with questioning?

Mr. MENENDEZ. Just very briefly, Mr. Chairman. I am hesitant after that eloquent statement to tarnish it in any way.

I want to thank our colleagues who took time from their busy schedules to come testify today. I welcome Mr. Rangel, particularly as I heard the vocabulary that I noticed at the beginning of his own hearing and I hear today, which many who advocate lifting of the embargo do not use: the recognition that Fidel Castro is in fact a dictator; that there are questions of democracy and human rights in Cuba that need to be addressed. And to that extent, I appreciate those words.

Let me just say that there are some things you said that I just want to, in this process of a dialogue, respond to. The fact of the matter is, and I agree with you, we should be able to get inside Cuba to see whether the human rights abuses that we in fact believe exist, not because we want to believe it, but in fact people who have ultimately come to the United States, who we greet daily in our communities, tell us about their experiences in jail like Mario Chanes, the longest serving political prisoner in the world, who I took to see President Clinton, a man who was in jail, saw his son born while he was in jail, and had his son die while he was in jail, but never had the human contact with his son; and many other stories like that.

I would like to get into Cuba to see those human rights abuses, but Castro rejects the Special Rapporteur from the United Nations year after year, and all the testimony adduced by individuals who have suffered, Armando Valladares, if you read his book, "Against All Hope," which I commend to you, and I would be happy to give you a copy of, the incredible tortures that he personally suffered and witnessed because people simply spoke up against the government; not because they fired a shot or threw a grenade.

Those are the realities that I wish we could get in so that we could establish it. But this year at the Human Rights Commission in Geneva, Cuba was again condemned, not just by the United States, but by several other countries.

So, yes, I wish we could get in, but Castro refuses to let truly independent sources do that. He refuses to let the Special Rapporteur in.

Let me just say that I am not willing to sit here and say that, in fact, it is us, the United States, through this embargo that is causing the difficulties, the needs of the Cuban people. It is Castro. No one talks about his own failed policies. No one talks about the fact that recently he had visits by people whom he solicited to come to the country; the former Finance Minister of Spain, Salchaga, went to see him, and gave him a master plan of reforms to help the Cuban people. He rejected them. He asked one of the directors of the International Monetary Fund to come, who gave him a list of reforms. He rejected them. This is not the United States telling

him what is good or bad. These are people that he requested to come and who have, to some extent, been his allies.

No one has told Fidel Castro that the cold war is over. We keep saying that this is an anachronism. Well, no one has told him the cold war is over, and he certainly has not waken up to smell the roses.

And, finally, you know, when we talk about different issues, the fact of the matter is—I certainly have supported the embargo in Haiti—I hope we do not have it 34 years. However, Haiti's embargo is international, but the United States' is unilateral. Castro can buy food, clothing, and medical supplies from anyplace in the world, including its allies. He just does not have the economy to do so. He has defaulted on his payments. He owes, I do not know how many, billions of dollars in the world market. And, in fact, nobody wants to deal with him based on this basis.

And, finally, if we just lift the embargo, and this is my major concern with your proposition, unilaterally and without conditions—we have conditions with China's MFN status, and those conditions may very well lead this time to China's MFN status not being renewed. There is a great call by many Members of this House not to renew it. We have conditions. We had conditions with Vietnam. And the problem here is we seek no conditions, and we have the expectation that simply free trade with Cuba will create all of the opportunities that we mutually hope for the Cuban people. In fact, all of the investment to date by other countries has not created those possibilities. In fact, we perceive in free trade that we would be able to employ Cuban nationals and pay them decent wages. But Castro does not permit this. They, in fact, collect the salaries at a gross level and pay a misery to their workers. That is not something that I think we are for.

So those are the difficulties I had, and certainly when Castro receives $6 billion a year—as the final point, to differentiate the embargoes—when he receives $6 billion a year from the Soviet Union, our embargo was more symbolic. It did not have any effect, and he said that in numerous statements.

But now in the last 2 years, with the Cuban Democracy Act, the loss of that money, now is when I really believe we should be looking at the clock ticking and saying in this period of time: I think we have seen reforms, not despite our policy, but because of it. And those are some of the concerns that I have with some of the statements.

Also, on drug interdiction, I know that—I respect your work in that. I am concerned about the recent disclosures in the Escobar papers that links the Castro government to drug trafficking, the indictments that have taken place here in the United States. Those make me concerned that Cuba is not willing to assist in drug interdiction issues, but in fact are in the heart of it, or at least were, if they are not now. So I appreciate——

Ms. RANGEL. Let me respond. May I, Mr. Chairman?

Mr. TORRICELLI. Sure.

Mr. RANGEL. Because I would like to broaden the area of agreement as we go into debate, as to what we should do as a policy.

First of all, as we have agreement in the concern of a democracy, we have agreement on human rights, it seemed to me that one of

the things that you were talking about, in terms of conditions, is that, first of all, I think the Chairman agreed that when the embargo went on it was in terms of a national security because of the Soviet Union.

You said that no one talks about the conditions in Cuba being caused by a failed ideology. I say it every time I speak. The only thing I say is that Castro is trying to blame the embargo for that failed policy. So when you say no one talks about it, I have been talking about it. It is the selection of that type of government which has caused it to fail. And so I think there are things we should be doing.

Now, I do not understand the chairman when he says do not say that this is no longer in our national interest because we are traditionally a country that respect human rights, open markets and democracy. Well, we respect it. But I am asking whether or not we have a double standard.

You talk about South Africa. It took the Congress to overthrow the policy we had in South Africa. We had constructive engagement.

How many dictators have we supported with economic and military assistance that violated the rights of their people? And I was here fighting against them—in Central American and in South America. How many years did we support a dictator in Haiti? The Duvalier administration, we supported with money and support. Are we proud of it? No. Should we go back to it? No.

And then when we talk about the change in conditions that exist all over, I do not know what we are trying to prove here in Haiti.

First of all, if we are insisting as a condition that we have an elected government, how do we get this elected government? Are we suggesting that these people overthrow Castro? Are we suggesting a civil war, a bloody civil war?

Here we have one side with the guns, economically crippled, and here we are on the other side saying once you have a democracy, we will give you assistance.

As a matter of fact, Mr. Menendez even suggested something to the soldiers. I do not know what it was, but it sounded to me more like a coup to overthrow Castro.

But I am saying why cannot we have it bloodless? Why cannot we have a revolution based on sound economic principles? And why cannot we still keep all the values we have as a United States? And if you are talking about Castro not letting the United States in, or Castro saying almost exactly what the Chinese Communists have said—it is an internal affair—why cannot we go to all of our real democratic buddies in Mexico, in the Caribbean, and say let me tell you something. If you really think that we do not have that impression, why do you not go in there with reliable people and people with credibility and go out and check the question of political prisoners?

And I for one, you know, can talk about conditions that exist, not legislation, not in waiting for an election, not in waiting for a bloody civil war and then determining whether we are going to respect the new government. I am saying let us treat them as we treat everyone else.

I would just like to close by saying there was some suggestion made that before Castro life was better. I think we ought to walk very carefully to see how much we are in accord here. Getting rid of Castro, I hope, does not mean that we are looking to have the Bautista type of government come back, of economic oppression and racism and lack of literacy for people. I hope that people do not believe that we have got to substitute one devil for another devil. But I will leave that aside and we will move forward to democracy as we know it and respect it.

So, Chairman Torricelli, I am not asking that the United States lower its concern for human rights as we have with other countries. I am hoping that you do acknowledge that we have not demonstrated, as I wish we had, the same degree of human rights and insistence on duly elected democratic governments as we now see fit to do with Cuba.

But I think Judge Hastings said it all when he said that the conditions are different because we do have people in the United States from Cuba, and we have to concern ourselves about that. And having passed successfully Political Science 101, I say that makes a heck of a lot of sense, but I do not think it should drive our foreign policy.

Mr. MENENDEZ. Mr. Chairman, just very briefly, if I may?

Mr. TORRICELLI. Yes.

Mr. MENENDEZ. And this not again to debate; just to call attention to facts.

Only Castro, with his security apparatus and the army at stake, can make it a bloody confrontation. Only he can turn weapons against Cuban people if they seek democratic reform. And of the six Soviet satellites that ultimately moved to democracy in Eastern Europe, only one did we give Most-Favored-Nation status to. That was in Romania, where Ceaucescu was there, and that was of the six movements to democracy in Eastern Europe. That was the one that ended——

Mr. RANGEL. May I ask you a question?

Mr. MENENDEZ [continuing]. Up being the very bloodiest.

Mr. RANGEL. May I ask a question?

Mr. MENENDEZ. With those historical facts, remember, Mr. Rangel, only Castro can turn his guns——

Mr. RANGEL. I know that.

Mr. MENENDEZ [continuing]. Against the Cuban people.

Mr. RANGEL. I know that.

Mr. MENENDEZ. If it is bloody, it will be because he makes it so.

Mr. RANGEL. I agree. My God, let us not dwell on what I agree with. I said that in Haiti. The poor do not have guns, and in Cuba, the poor do not have guns.

Now, if what you are suggesting, and those who support your legislation, that having seen that the money comes after democracy, that the poor, hungry, suffering people in Haiti, then go up to the General Castro and say, we want a democracy, and then he throws down his guns and says, oh, it was not explained that way to me before, so I will now give you a democracy.

How do you get—what do you expect is going to happen? The people are going to protest, have a rally with the other people with the guns.

I just do not see this democracy coming forward.

What I think you and I ought to do is not to debate your legislation, but see how we can work together to make certain this question of human rights never gets off of the table, not waiting for legislation to pass or President Clinton to change his position, because in my humble opinion, if people cannot talk, they darn sure cannot get parties, political parties, and they cannot have an election.

But if you think that you are not encouraging the people to take up and go against the soldier and say, hey, we want democracy, we are prepared to die for it, and I do not think we should force the Cuban people in a position of a bloody civil war.

Mr. MENENDEZ. And I do not either.

Mr. RANGEL. Well, how does it happen? How does it happen without blood?

Mr. MENENDEZ. The fact of the matter is, is that under the chairman's own bill, the opportunities that you described with Cardinal O'Connor exists because of the Cuban Democracy Act. There is great——

Mr. RANGEL. How do you get democracy when you have Castro with the people with the guns?

Mr. MENENDEZ. There is——

Mr. RANGEL. How do you get it?

Mr. MENENDEZ. There is great opportunity to continue to isolate Castro. The world community thinks he is willing to reform. They go there, give him a plan for reform. He rejects it. Each time he rejects it, which hurts his own people, as he did a couple of years ago when he had farmers' markets that created more food for the Cuban people, that put more food on the plates of Cuban families, and because he could not control it, he rejected it and stopped the reform. Each time he does that he isolates himself more.

Mr. RANGEL. He is not isolated.

Mr. MENENDEZ. And in that——

Mr. RANGEL. First of all, the international community——

Mr. MENENDEZ. If I could just finish.

Mr. RANGEL. The international——

Mr. MENENDEZ. I did not interrupt you.

You want an answer. I am trying to give you an answer.

Mr. RANGEL. OK.

Mr. MENENDEZ. And in the process of continuing to isolate himself because of his unwillingness to reform, and also with a Cuban military which today is more and more disenchanted because of what their role has been in society, he may realize that he does not have the security apparatus when people move, as they move throughout the world. We had the Gdansk shipyards. We had Tiananmen Square. In your own desires in terms of South Africa, has not blood been spilt in the search of freedom, democracy, human rights? And right now blood is spilled every day in Castro's jails.

Mr. Rangel. I did not say that that is not an option the Cuban people have. If you are suggesting that bloodshed, in terms of seeking democracy, is an option to go, I am saying I do not think it is necessary to do that.

Now, this international community, as the chairman has indicated, is just as hypocritical as you can ever get. The question is

going to be what America is going to do because we think it is right.

Yes, they condemned on human rights as it relates to Castro, but they condemned the United States for the embargo as well.

All I am asking you, and I think you answered it, is that does this push toward a bloody civil war? And you are saying——

Mr. MENENDEZ. No.

Mr. RANGEL. No, you did not. You said——

Mr. MENENDEZ. I am saying that——

Mr. RANGEL. You said but blood loss in search for democracy.

Mr. MENENDEZ. No. I am giving you an example in the causes that you yourself have supported, and in fact that has been—but I do not want to——

Mr. RANGEL. There is no questions about——

Mr. DIAZ-BALART. If I could have a minute.

Mr. TORRICELLI. Go ahead.

Mr. DIAZ-BALART. A couple of points have been brought up here, I think, fascinating. One is that after 35 years of destruction of Cuba and oppression by Castro, the ghost of Bautista continues to be resurrected, apparently to excuse the destruction of Cuba.

Let us be clear on one thing. The Republic of Cuba lasted 57 years. There were a number of heads of state, a number of governments, a number of congresses, a number of opposition movements, a labor movement which was the most powerful labor movement in Latin America. The facts speak for themselves. The progress that had been achieved during the Republic is undeniable. So let us not continue to resurrect the Ghost of Bautista here to excuse, apparently, the destruction of Cuba.

Is Cuba destroyed today? Yes or no? Was Cuba a prosperous country before the destruction? Yes or no? Those are the issues, and the Cuban people know that.

Now, on the issue of the bloodletting, the bloodletting is continuous in Cuba. Castro is causing a daily shedding of blood in Cuba. The prisons are full. The acts of repudiation are constant. Paula Valiente, who I had the privilege, along with Congresswoman Ros-Lehtinen and Congressman Menendez, and I know the chairman has met with also, was telling about her personal bloodletting, where she was beaten unconscious by the thugs of the regime, and her daughter, a 10-year-old daughter, is kidnapped and not allowed to leave Cuba because of the regime. That is the bloodletting that on a constant basis is occurring in Cuba today.

So what we would want is very simple; that the bloodletting, the bloodshedding ends, that it ends in Cuba.

Mr. RANGEL. How?

Mr. DIAZ-BALART. The Cuban people need solidarity of the international community, our solidarity. If the embargo is insufficient, then let us come up with other ideas like you have with Haiti. You have come up with some significant ideas.

Mr. RANGEL. Military intervention.

Mr. DIAZ-BALART. The Blue Helmets, the Blue Helmets (U.N. military forces), that is an intervention. That is a possibility. I think that that is something that perhaps—if you are saying the embargo is insufficient, and like you have in Haiti, because I have heard you, you said the Blue Helmets are a possibility. Well, per-

haps, in order to get rid of the thugs like the Francois thugs in Haiti, or the thugs that for 35 years have kept their grip on the disarmed, unarmed people of Cuba, that is a possibility.

But to say that because the embargo is insufficient, that we should end that manifestation of solidarity with the people of Cuba that are being brutalized every day is something that I disagree with.

I will discuss with you at any time, and with the opponents of the embargo, other measures that perhaps we should be discussing, to help the Cuban people accelerate their inevitable liberation. But to say that because they are being oppressed and they are unarmed, we should do what Castro has as his number one priority, which is to get rid of the U.S. embargo and facilitate more investment, access to the international financing mechanisms, that is something that I do not see the logic. So we have a profound disagreement here.

Mr. RANGEL. As far as the Bautista, I just want to say that I was with the United States when they supported Castro against Bautista, so it was not me that was talking about the ghost. You were saying life before Castro, and that is all I meant to say.

Mr. DIAZ-BALART. Well, the facts speak for themselves.

Mr. RANGEL. All I am saying is——

Mr. DIAZ-BALART. The facts speak for themselves.

Mr. RANGEL. All I am saying is the United States——

Mr. DIAZ-BALART. If the United States intervened against Bautista, we agree with that.

Mr. RANGEL. I think you would agree with me that we do not want Bautista.

Mr. DIAZ-BALART. We want elections.

Mr. RANGEL. Listen, what I——

Mr. DIAZ-BALART. Self-determination.

Mr. RANGEL [continuing]. Want to do is take advantage of where we agree. You said prior to Castro. You and I mean that we do not want Bautista either.

Mr. DIAZ-BALART. We do not want any dictator.

Mr. RANGEL. OK. And the only other area of disagreement is that I have not been able to determine how this bloodletting of all of these people that are in prison have the ability to overthrow the Cuban Army.

Now, you may know more about it than I do.

Mr. DIAZ-BALART. They need our solidarity, Congressman.

Mr. RANGEL. But they do not have an international solidarity, all they have got is us.

Mr. TORRICELLI. Hesitant though I am to interrupt you, I feel like I am on the set of "Cross Fire." [Laughter.]

Let me only interject a thought and then I am going to yield to Ms. Ros-Lehtinen, simply for the consideration, because it was an element of the strategy of the legislation.

Not so long ago I had a visit from a Cuban pilot who had landed in Miami and he came to visit my office. And I asked him about the circumstances of his defection. He said one day he was brought in to watch training films. They were going to alter his training, to teach him how to fire with his MiG upon civilian crowds in Havana, because of the fear of insurrection.

I hope and pray that political transition in Cuba comes without violence. But in the final analysis if, as in so many cases that occurs, we may be at least able to rest with our conscious secure in that a third of the uniform personnel of Cuba are being demobilized because of the financial pressures of the embargo.

The Cuban Air Force is largely not flying. Most of its planes have been demobilized, and the Cuban Navy is not sailing, intercepting and abusing people on the high seas.

It may not be in our power, tragically, to avoid violence. But in the final analysis, this embargo, if it comes, will have lessened the extent of that violence.

Finally, before yielding I only want to say too, Mr. Rangel, all of us live with the historical burden in Latin America and around the globe of the unfortunate associations this government has had with dictators through the years. That is a burden that our generation bears. It should cause to all the higher standards.

There is nothing I can do about the tragedies of Duvalier and Marcos and a host of other people. Only try from this point forward to create a better standard; that we judge democracies and dictatorships differently. And that while there may be hypocrisy in many places in the world, we do have policies to try to bring political nonviolent change.

Mr. RANGEL. I agree, Mr. Chairman.

Mr. TORRICELLI. That is the standard I am trying to arise to.

Mr. RANGEL. I agree, Mr. Chairman.

Mr. TORRICELLI. Ms. Ros-Lehtinen.

Ms. ROS-LEHTINEN. Thank you, Mr. Chairman, and I also want to echo those sentiments that you had expressed, and we have had numerous conversations, private and public, about the goals that we share, and the goals of democracy in Cuba, and the problems of the continual violations of human rights there. And I think there are some concrete steps that we can take together in order to bring democracy to my native homeland.

But every time that I hear someone being so worried about the bloodletting or how we get to democracy, it usually worries me because it seems to portray an excessive obsession with the road to democracy rather than, gee, let us try to reach that goal, which is democracy in Cuba. So, I am not as obsessed with this bloodletting question as others are, because I believe that there are some alternatives out there and we are busy pursuing those, and I think this legislation goes a long way to getting us to that road in a nonviolent way.

I look forward to working with you, as I have stated to you many times, on those human rights questions, and I think that we have a lot in common in that area.

And, Congressman Diaz-Balart, I wanted to ask you a question. You have had many direct dealings, daily dealings with balceros, Cuban rafters who have come here, people who have come to seek freedom and democracy.

Can you give us an insight, and the audience an insight as well, some of them who have not had this opportunity, what is the feeling of the people who are coming into our shores daily of the prospect for change in Cuba? What is their feelings about the so-called economic reforms which Castro has tried to put into action in

Cuba? Have they had a positive effect? Have they further divided the community? We hear a lot about these economic reforms. Just the other day, in the *Washington Times,* the *Washington Post* or *Wall Street Journal* there was a glowing article about these economic reforms and the people's reaction to it.

Can you give us either your perspective or the perspective of the recently arrived refugees about how they see these changes taking place and what the future bodes for them?

Mr. DIAZ-BALART. Thank you, Congresswoman Ros-Lehtinen.

It is true that you and I, along with Congressman Deutsch, have the opportunity on a weekly basis to meet people who are new arrivals on our shores.

I want to say that, with regard to the issue that you bring up of the legalization of 100-plus occupations that the dictatorship announced some months back, that has created a situation where there are *x* number of thousands of people, there is an estimate that I have heard of over 100,000 people within the 11 million people of Cuba, that are, pursuant to the legalization of those 100-plus occupations, trying to survive on a daily basis obtain the only currency that is sought now by—and that is favored by the dictatorship, which is dollars. And so it can be said that 100,000-plus people are now in a position where they can try to survive on a daily basis, based on the fact that the dictatorship has legalized those occupations.

It is very important to realize by their being 100 plus occupations that have been legalized, what does that mean? That it requires a dictator to say you can now work at such an occupation. In other words, all the other occupations conceivably, conceivable occupations in the world are illegal unless they are some sort of authorization or permit by the dictatorship.

What I am trying to say is that macroeconomically the production of the economy is not going to be affected. There is not going to be any success in the economy by virtual of the legalization, this minute legalization permitted by Castro.

And one thing I want to point out with the new arrivals, because this is important, because they are not here, but their voice deserves to be heard. Their point of view, and I stress this because what has most impressed me is that I have not heard one divergent point of view with regard to this, they say "maintain the embargo and expand it." And they are aware of the Haitian embargo. They are aware of the international concerns that the Haitian dictatorship has aroused and caused. And their questions overwhelmingly is why is there not international solidarity with regard to the Cuban situation.

With regard to what they ask us to do, is to maintain our policy of solidarity, and to not relax or certainly not to lift our trade embargo.

Mr. TORRICELLI. Ms. Ros-Lehtinen, if you would yield for 1 minute. Mr. Rangel needs to depart. I wanted to thank him for being with us today and for sharing your view.

And all the issues aside upon which there might be disagreement, perhaps in your leaving I could make one suggestion upon which I think we might agree.

We may not be able to end the dictatorship in the time table we would want, or have a government that we think would meet international human rights standards. But maybe in the interim there is this much we can do. The Rapporteur of the United Nations Investigator on Human Rights, Amnesty International, and Americas Watch, if at a minimum we could get them the right to visit jails where students are now held in preventive detention, where others are held for political offenses, where there are allegations of torture and abuse, if at a minimum some of these institutions—one of these institutions could get access, it would be an enormous contribution.

Members of this committee are obviously not in a position to write Mr. Castro and make this suggestion. As an advocate of human rights, a person who I think has been fair to the Cuban people, and your own stature, perhaps other Members of Congress, your own writing, communicating with the Cuban Government, asking for this concession to basic human rights would be very much appreciated and an enormous contribution. And I wanted to leave that thought with you before you left today.

Mr. RANGEL. Let me grab that thought and run with it.

First, let me thank the committee for its courtesies, and more importantly, its patience. I think we have come a long way in agreeing that we all have the same common goal, and the disagreement is how to reach it.

I, for one, as an American will not tolerate someone that we are trying to help, their people just telling us that a poor condition does not exist. How we satisfy ourselves that conditions have improved, deal with a lot of politics that diplomats play in terms of sovereignty.

However, I have already shared with those people that are concerned about the embargo, that the question of human rights is not going to go unanswered. It is not going to go unanswered. And if there are so many people that are supporting the United States or that are knowing the U.S. embargo and doing business with Cuba, and they are our democratic friends, they have an obligation to us. If Castro wants to stonewall us, we cannot do anything about it. But we can to the President of Mexico, of Colombia, of Costa Rica, people who are human rights people, and ask them too to join in this, in sending a board over there.

So it is not perfected, but I understand exactly what you are saying, and I agree with you 100 percent, and let us work together when we can, and whatever differences we have only political solutions, and it should not interfere with our ability to work together.

Thank you very much.

Mr. TORRICELLI. Thank you very much for being with us.

I apologize for interrupting. Did you want to ask Mr. Diaz-Balart anything further?

Ms. ROS-LEHTINEN. I wanted to ask him his thought perhaps on the suggestions that we had been talking about, getting other countries involved in sending someone to Cuba to examine the prisons, and is it not his understanding that we have tried in many occasions to try to get different countries to cooperate with our human rights campaign, and try to highlight the repeated violations of human rights in Cuba, have asked other countries to participate in

that ongoing campaign with us. And I would say that the response has not been overwhelming. In fact, in many instances, some of those countries where they have an opportunity to give an international forum to the dictator in a Hemispheric Congress of Democratically Leaders, of which Castro should form no part, yet there he is in those forums.

But I wanted to ask his opinion of past records, and certainly there is always room for improvement, and we are ever hopeful that countries can join us in our campaign, and if he could enlighten us on that issue, as well as the efforts being made on the internationalizing of the embargo, which I know is of long concern to the Congressman.

Mr. DIAZ-BALART. Well, Congresswoman, as you know, Castro has had no better friends than, for example, the Prime Minister of Spain, Mr. Gonzalez; the President of Mexico, President Salinas de Gortari; the President of Colombia, President Gavedia. They have consistently tried to, through their advice, and they have pleaded with Castro, and pleaded with him to please reform, and he ignores them. The difference is that they continue to support Castro in every way they can, despite the fact that he ignores them and even laughs at them.

The difference between our policy and our convictions and these, for example, heads of state that I have mentioned, or governments, is that while they say in public that they in private have told Castro to reform, have asked him to reform, after Castro laughs at them in public, and ignore them, I am sure ignores them as well in private, they turn around and encourage their businessmen to invest. Or for example, like President Gavedia a few weeks ago announced that they are going to enter into a further commercial alliance that has to do with the provision of petroleum.

Pleading with Castro does not work. I mean, it has been 35 years. Even his best friends have tried. So it is obvious that what we need to do is to be on the side of the Cuban people, not on the side of the Cuban tyrant. The Cuban tyrant is not going to change.

Like Chairman Torricelli said, listen and read to what the Cuban tyrant says. He is the best source for what he thinks, and he said time and time again that he is entitled to be there, he said very recently, until he dies; and that he has his concept, his semantic concept of the revolution, which he uses to justify the destruction of the country, the elimination, in effect, of the means of production, and the maintaining of power until he dies.

We have to, first of all, not permit that he continue to steal that concept. That using this concept of revolution, he continues to maintain that he can be there for life. His friends have tried to advise him. It does not work. So we have to stand on the side of the Cuban people, and like I say, discuss measures, such as the internationalization of the embargo, and perhaps other measures, to help the Cuban people with our solidarity, accelerate the process of liberation, and not think that by helping Castro out we are going in any way encourage reform because just as in the case of Spain, it was required for General Franco and his hand-picked successor, Admiral Cahero Blanco, to leave the scene.

Ms. ROS-LEHTINEN. If we can shut that door a second, would you be kind enough to do that?

Mr. DIAZ-BALART. Yes, that is a good idea.

Just as in the case of Spain, it was required for General Franco, who was in power as you know 39 years, and his hand-picked successor, Admiral Cahero Blanco, it was required for them to be gone from the scene before there was a transition. And then the Spanish, even people who were historically antagonistic towards each other, were able to get together and work on a democratic transition. Just as that was possible in Spain, in Cuba, I am convinced that the elimination from the scene of the Castro brothers is required for all the other Cubans to get together and be able to achieve a democratic transition.

So one of the important things about the Menendez bill is that, as has been brought out, it states officially that those members of the armed forces of Cuba who do not shoot their brothers and sisters have nothing to fear from the people of Cuba, much less from the United States.

But is important that they realize that they are going to be counted on not to shoot on their brothers and sisters. The Cuban people are already in an insurrection state as we saw in Cojimar and as we saw in Regla, and that is going to increase because the Cuban people have a tradition of seeking democracy. And if they fought 100 years to get rid of colonial Spain, it is simply unreasonable to think that they are not going to fight, continue to fight to get rid of—to get rid of this tyranny.

They will be free, and what the Menendez bill says so eloquently and so importantly is that the United States will continue to be on the side of the Cuban people, and not the Cuban tyrant.

Ms. ROS-LEHTINEN. Thank you for your leadership on this issue.

Mr. DIAZ-BALART. Thank you, Mr. Chairman. Thank you for your courtesy.

Mr. TORRICELLI. Thank you very much. Thank you for being with us.

The committee will now hear from Ambassador Alex Watson, Assistant Secretary of State for Inter-American Affairs; the Honorable Mark Schneider, Assistant Administrator for Latin America and the Caribbean, USAID.

Gentlemen, thank you for your considerable patience, and for your willingness to be with us today.

We have both your statements. We have had more than ample time to read them. However, we would invite any summary that you would like to make of them.

Mr. Watson, please proceed.

STATEMENT OF ALEXANDER F. WATSON, ASSISTANT SECRETARY OF STATE FOR INTER-AMERICAN AFFAIRS, DEPARTMENT OF STATE

Mr. WATSON. Thank you, sir. I thought with your patience, Mr. Chairman, I might just say one word about the tragic situation in Mexico before we proceed.

Mr. TORRICELLI. Please.

Mr. WATSON. I believe that all Americans were shocked and horrified last night by the senseless assassination of Louis Donaldo Colosio, the energetic, young Presidential candidate of the PRI, who had given so much to his country and had such a promising

future. And we extend our most profound condolences to Dr. Colosio's family, to all Mexicans in this moment of painful bereavement.

And if I may, I would just like to read into the record a brief statement from President Clinton issued this morning.

Mr. TORRICELLI. I actually, however, would like to hear it. If we can just suspend just one more minute until people could take their seats and we can get the doors closed.

[Pause.]

Mr. TORRICELLI. Would people try to get to their seats quickly, please, and if someone would be so kind as to close the door?

Please proceed.

Mr. WATSON. President Clinton spoke with President Salinas late night and offered his personal condolences and offered whatever support we could provide to Mexico in this crucial time. And then this morning he issued the following statement:

"I am profoundly saddened to learn of the brutal assassination of Louis Donaldo Colosio, the Presidential candidate of the Institutional Revolutionary Party, in Mexico. I deeply deplore this senseless act of violence and have conveyed my deepest sympathies to the Mexico people and to the family of Mr. Colosio, his wife and two young children.

"Mr. Colosio dedicated his life to public service and to the betterment of his nation. It is particularly tragic when an assassin's bullet slays a man who still had so much to contribute to history. It is a great loss, not only for Mexico, but for all of North America.

"I telephoned President Salinas de Gortari shortly after midnight last night, to express my sorrow and that of the American people, and to offer my condolences to the Colosio family. I told President Salinas that the United States stands ready to assist Mexico in the coming days in any way we can."

That is the end of his statement.

Mr. TORRICELLI. Thank you very much.

Mr. WATSON. Mr. Chairman, thank you for very much for this opportunity to discuss The Free and Independent Cuba Assistance Act of 1993. The bill strikes an important, forward-looking note, and we fully support its objective to facilitate a peaceful transition in Cuba from a totalitarian to a democratic form of government. I am also pleased to have my first opportunity, speaking personally, to speak directly to the people of Cuba through the good offices of Radio Marti, which is broadcasting this hearing.

We agree with the intent of the authors of H.R. 2758 to look beyond the end of the current regime, and to articulate ways to build trust and confidence between the United States and the people of Cuba. Such steps could hasten democracy's return to Cuba and, in this sense, the bill is a welcome parallel and extension of the Cuban Democracy Act.

As demonstrated by the Cuban Democracy Act's passage just a year and a half ago, the Congress and this administration are really of one view regarding Cuba. And our current policy consists of two tracks, as called for in that act. The first track is continued strong enforcement of a comprehensive economic embargo in Cuba until such time as there are democratic reforms and respect for human rights. With the second track, we are reaching out to the

Cuban people through expanded telecommunications, an increased flow of information, and private humanitarian assistance.

And I believe the committee is aware that under the terms of the Cuban Democracy Act, the Federal Government has licensed more than $8.5 million worth of humanitarian donations to nongovernmental organizations. And we are working very closely with numerous groups interested in delivering aid licensed by Treasury to individuals and nongovernmental organizations, including the groups mentioned by Congressman Rangel. And we have worked very closely with the Archdiocese of New York and of Boston to facilitate the shipment of the medicines that Congressman Rangel was talking about. We are trying to simplify the procedures for humanitarian assistance so even more will be able to be provided to make sure that even more private aid reaches the Cuban people.

I think the Cuban peoples best friend is the United States. We will continue to help them in their search for freedom and prosperity. This emphasis on directly helping the people of Cuba presages the interest we will take in assisting their efforts during the transition from the current regime and in becoming a friend and ally of a future democratic Cuba as laid out in Mr. Menendez' bill.

Let me briefly provide the administration's comments on H.R. 2758. We share your desire to see the Cuban people exercise their right to determine their country's future. The choice of their leaders, as the bill notes in section 3, is exclusively theirs to be made, and I quote, "free of interference by the government of any other country," in the privacy of a voting booth.

The bill accurately outlines the economic disaster that the current regime has imposed on Cuba. A free market economy, in our view, would reduce the current physical suffering of the Cuban people and help restore their dignity.

It is incomprehensible that Cubans cannot find fresh fruit or even sugar to buy. We believe that once the creative talent of the Cuban people is unleashed in a free market setting, prosperity will soon return to their country.

And with this in mind, Mr. Chairman, I was particularly struck by section 4(g) of the bill, which asks that the President communicate to the Cuban people U.S. plans for assistance. The Cuban people should know that the U.S. Government and the American people will be ready and willing to help them back on their feet once they are freed from the political and economic ruling of more than three decades of socialized mismanagement. They can count on us.

That said, Mr. Chairman, no one knows when change will come to Cuba, and it would be difficult to develop a comprehensive plan of assistance now without knowing what Cuba will need, what sorts of assistance a democratic Government of Cuba will ask us for, or when it will make that request. And for these reasons, we would prefer not to tie ourselves to a specific plan now, but rather be ready to use all of the tools available to us in what is sure to be a rapidly evolving situation.

Mr. Chairman, as you are aware, the administration has submitted to Congress the Peace, Prosperity and Democracy Act, which substantially revises and updates the Foreign Assistance Act. This proposed legislation recognizes the need to revise the decade-old or-

igin of our foreign assistance legislation and would provide greater responsiveness and accountability needed to advance the core issues of U.S. foreign policy in a constantly changing world.

We will need flexibility to promote our economic security and democracy interests. And particularly relevant for our conversation today is a subchapter in the administration's proposed legislation concerning programs for "countries in transition." This section of the legislation reemphasizes our commitment to "promote the development of functioning democratic institutions and political pluralism," and "address political, economic and humanitarian needs that arise in connection with transitions" throughout the world.

We believe this countries in transition authority provisions in our proposed legislation would address many of the issues covered by the bill being considered today and would provide statutory authority to govern the provision of assistance to a transitional Cuban regime. An important feature of the proposed legislation is that it would enable the President to develop and carry out effective policy responses to unpredictable and fast changing situation—just the kind of situation which we may face in Cuba.

As we prepare to work with the Congress on these issues, in connection with the Peace, Prosperity and Democracy Act, we will also want to work with this committee so that that act—when that act become law, we can support additional country-specific legislation that is consistent with and makes use of the authorities of the Peace, Prosperity and Democracy Act.

In addition, we will want to work with you on legislation to overcome restrictions on U.S. dealings with a post-Castro Cuba in areas other than the provision of foreign assistance, some of which are touched upon by the bill before us today. Among those would be resolution of outstanding U.S. citizen claims, and restrictions on authority to enter into trade agreements, for instance.

Change is coming to Cuba. It certainly is. However it happens, it will have a profound effect on the United States. And as we work toward common goals, we will value continuing consultation through the administration, Members of Congress and congressional committees regarding U.S. policy toward Cuba. We want to continue to work to build even more bridges to the Cuban people now through private humanitarian assistance and increased flow of information. This cooperation will be even more important once the Cuban people are free. Thank you, Mr. Chairman.

[The prepared statement of Mr. Watson appears in the appendix.]

Mr. TORRICELLI. Thank you very much, Ambassador.

Mr. Schneider.

STATEMENT OF MARK SCHNEIDER, ASSISTANT ADMINISTRATOR FOR LATIN AMERICA AND THE CARIBBEAN, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. SCHNEIDER. Thank you, Mr. Chairman. It is a pleasure to be able to participate with Assistant Secretary of State Watson in today's hearings on the proposed Free and Independent Cuba Assistance Act. Let me say that we enjoyed your discussion with the first panel. I think it was an effort, and a successful one, to indicate the mutual concerns of people with differing views on how best to

achieve democratic change in Cuba and ensure that this change brings about respect for human rights in Cuba.

Mr. TORRICELLI. Thank you.

Mr. SCHNEIDER. The U.S. Agency for International Development looks forward to the time when a democratic Cuba can become an active development partner in the Western Hemisphere. The Cuban people deserve the rights guaranteed in the international human rights covenants: the right to decide how they are governed, and by whom, in full, free and fair elections; the right to speak their minds; to publish; to organize; to choose their occupations; to participate in free markets; and to raise their children in an atmosphere of freedom that encourages them to reach their full potential. We anticipate the day when Cuba can join us in the Western Hemisphere's community of democratic nations.

As this legislation proposes, we at USAID are trying to keep abreast of the rapidly changing circumstances in Cuba so that we can be poised to respond to humanitarian and development needs when the time comes.

A little over a year ago, the Office of Research of the Department of State and the Bureau for Latin American and the Caribbean of USAID commissioned the Cuban Research Institute of the Latin American and Caribbean Center at Florida International University to give us a snapshot of current economic and social conditions, the general political environment and the trends that those experts saw. Those reports have been made available to the subcommittee.

Let me summarize briefly.

Politically, they found that Cuba remains a closed society without access to fundamental due process and guarantees, with no immediate change in sight. These studies also confirm that Cuba is in the midst of an unparalleled economic crisis precipitated by the break-up of the Soviet Union.

A study by Jorge Dominguez estimates that between 1989 and 1993, Cuba's Global Social Product declined between 50 and 60 percent; imports declined from $8.1 billion to $1.7 billion; from 1989 to 1992, oil imports were dropped by more than a half, from $13 million to $6 million. Since that time, as Chairman Torricelli mentioned there have been some limited steps taken with respect to the economy. However, it is the consensus of those experts we have contacted that those steps will not be sufficient to reverse the deterioration in Cuba's economy.

There were indications that Cuba's social safety net has eroded. Carmelo Mesa Lago, in his contribution to the study, indicated that a number of key drugs are in short supply; there is a lack of spare parts for medical equipment, ambulances and water pumps; and fuel shortages have resulted in power blackouts. Supply limitations, according to the study, even resulted in insufficient paper in classrooms.

There are also indications that food shortages may be leading to increased malnutrition. Those studies are an important starting point in determining future humanitarian needs. However, the information needs to be updated continually, and that database will be essential to design appropriately targeted assistance programs.

I am pleased to report that, based on this bill, the USAID Administrator, Bryan Atwood, has requested that the Latin American

Bureau at USAID coordinate a new effort to reach out and form a network with the many think tanks, universities, international organizations and other agencies that are examining developments in Cuba, so that we may, as you stated, anticipate the genesis of a democratic Cuba.

We will reach out to the scholars who participated in the previous studies, and to others, in order to pursue the goals outlined in this legislation. And we have already begun establishing contacts with the many U.S. nongovernmental organizations that now provide food, medicines, and medical supplies to nongovernmental organizations and private citizens in Cuba under the Cuban Democracy Act.

As Assistant Secretary Watson noted, we are very pleased that the Federal Government has been able to license more than $8.5 million worth of humanitarian donations. Over 60 percent of that, I should note, has come in the past 6 months. Many of those organizations, such as Catholic Relief Services, are organizations with which we work throughout the world. Therefore we will be quite able to quickly develop new relationships with those organizations whenever the U.S. Government authorizes direct assistance to a transitional government in Cuba. Our ability to rapidly initiate that program of humanitarian assistance will be enhanced by the relationships we already have with these international PVO's.

Let me also state that we commend Congressman Menendez, the chairman, and the subcommittee for the policy direction provided in the proposed Free and Independent Cuba Assistance Act. It directs our attention to the importance of having a strategy and a plan of action ready to address Cuba's needs at the moment of transition in Cuba.

As you know, the administration has embarked on a new effort of reform with respect to the foreign assistance legislation—the Peace, Prosperity and Democracy Act. In this effort, we are working closely with Congress to establish the objectives of our foreign assistance programs.

I would note three of those titles: Title IV, Humanitarian Assistance; Title II, Building Democracy, focusing directly on countries in transition; and Title I, Sustainable Development. All involve authorities that we would hope to consult with the Congress on how we would use those authorities, to design and carry out an assistance program for Cuba.

At the time we prepare to initiate that program we obviously will be fully engaged with you in designing that effort. We look forward to consulting with you on the parameters of the proposed assistance program, on its costs and how best to meet emergency needs.

After 35 years, Mr. Chairman, it is clear that we may finally be approaching the transition to freedom in Cuba, a time when the people of Cuba will have the right to chart their own democratic future. The United States must be prepared, as you said, to accompany them on that journey.

Thank you.

[The prepared statement of Mr. Schneider appears in the appendix.]

Mr. TORRICELLI. Thank you very much, Secretary Schneider.

Mr. Menendez.

Mr. MENENDEZ. Thank you, Mr. Chairman.

I want to thank the Assistant Secretary and the Administrator for being here and for their comments. If nothing else, based upon what you have said to me today, Mr. Schneider, we have moved ahead by having Administrator Atwood seek to have what I have been calling for for some time, which is to go ahead and have a coordinated effort and to begin to think about and prepare for a post-Castro Cuba. So I am happy that you have, I guess, preempted one of my questions, which was both for the State Department and for USAID, as to what type of contingency plans do we have now.

I will presume that based upon that statement we do not have what we would like to have and are going to work toward getting one. Is that a fair statement?

Mr. SCHNEIDER. I think it is fair to say that we do not now, but we are getting the information on hand which would permit us to prepare one.

Mr. WATSON. May I just add one sentence, Congressman Menendez?

Of course, we are working, and have been for many months now, on contingency plans dealing with the possibilities of mass migrations in a variety of circumstances, and we are pretty far along in that process.

Mr. MENENDEZ. One of my concerns, I note in both of your testimonies you refer to the Peace, Prosperity and Democracy Act as the act by which you could accomplish some of the goals that we attempt to accomplish through the Free and Independent Cuba Assistance Act. And my concern is, first of all, since we have you here let me reiterate and wave my sabre again, along with the chairman, that I would feel a lot better about that if the Latin American development aspects of it, and wording at Latin America existed in the Peace, Prosperity and Democracy Act; and that in fact funding that went from $2 billion in the late 1980's to $700 some-odd million presently being considered was different. I would feel a little better about that if those realities were different.

The other thing is, is that one of the things we attempt to do through—I attempted to do through the legislation, and in speaking to many of the cosponsors, is to presently send to the people of Cuba a message, a beacon of light that I do not think we can do through a greater Peace, Prosperity and Democracy Act because we talk about being able to deal with governments in transition. But part of what our bill attempts to do is to send a message that we will be in solidarity with a government in transition that does certain things. I do not think we can do that through the Peace, Prosperity and Democracy Act.

I am concerned that the message that we seek to send to the Cuban military, which is not to create a coup but also not to turn against their brothers and sisters within Cuba, cannot be done through that broader act.

So those are just some of my initial responses to what both of you have testified about.

Could you give me some response to that? Am I wrong, or do you see ways to do that more effectively?

I know that there is a great push by both USAID and the State Department to have this foreign aid rewrite and reform in a man-

ner that is not limiting or specific or earmarked. But by the same token, I am afraid that some of the messages we seek to send, part of our foreign policy that we seek to accomplish through my legislation, cannot be sent, as minimally, as clearly and maybe not as well as what we propose.

Mr. WATSON. Well, I think that if we are speaking with generally one voice, as I think we are on many of the issues covered in your bill, and we have a chance to do it like we are doing today directly to the Cuban people, the message, I think, can get through. I think that it is very important to note your section of your bill which talks about our ability to cooperate with the armed forces of Cuba in the transition and democratic phases. Not now, but later on.

I think it is also important to, as we are doing here today and as your bill does, to state very clearly to the Cuban people that whereas we will be strongly with a democratic Cuban Government, we are already now strongly with the Cuban people, and we will keep looking for ways to increase humanitarian assistance and the flow of information and communications as laid out in the Cuban Democracy Act, and touched upon again in your bill, Mr. Menendez.

So I think that if we are consistent in the messages that we give, not only from the administration but also from leaders like yourself on the Hill on this issue, we can make our points loud and clear to the Cuban people.

Mr. SCHNEIDER. Could I just add to that?

I agree with what Ambassador Watson has said. One issue is how to find a way to communicate clearly the policy direction that this bill provides and show the intent of the United States to respond on humanitarian and, later, development grounds to the transition to democratic government in post-Castro Cuba.

It was in that effort that I emphasized in my testimony support for the policy statement and the goals. My only concern was with respect to altering the structure of the PPDA as it is now drafted, in terms of providing flexibility to do precisely what you want with respect to countries in transition and countries where humanitarian assistance is needed.

Mr. MENENDEZ. Let me ask you, Ambassador, you have on your statement on page two in the next to the last paragraph, "No one knows when change will come to Cuba nor what condition the country will be in once it starts to make its inevitable transition toward democracy, and it would be difficult to develop a comprehensive plan of assistance now without knowing what Cuba will need, what source of assistance a democratic government will ask for or what requests it will make."

My concern with that statement is, is that having read the report that Administrator Schneider spoke to and many other reports from those who specialize on the Cuban economy, we have a great deal of knowledge as to what in fact Cuba will need, and what in fact the potential assistance we might be asked for, and what in fact what assistance we would be able, within the ambit of our overall assistance program, be able to provide.

My concern is, again, that we would wait for a moment in time when we know progressively, as we continue to monitor this, what in fact we should be poised to do.

Am I reading your paragraph maybe too limitedly? I mean, you are not saying that we are going to wait, I hope, to be prepared to offer a response?

I mean, if in a month from this hearing there was a change in Cuba, where would we be in terms of our ability to respond, and would we not be using all the information that we spent U.S. tax dollars to determine, in fact, the present set of circumstances to be responsive to?

Mr. WATSON. I think I take your point, and I think that you are reading my words here a little more narrowly than I would read them.

I think the basis point that in the first instance we have to do more coherent and better analysis in order to be able to predict as best we can, even though it will be very difficult, we will have to keep flexible. We are not quite sure what we will be faced with at that time, as Mr. Schneider has just said, Brian Atwood has asked AID to start doing, in terms of what kind of assistance.

I think we are already looking, as you are, at some other legislative questions that need to be dealt with at the time we move forward. I do not think we necessarily want to start making changes in legislation at this point. I think the Cuban Adjustment Act and other things like that. We certainly do not want to do that now, but we have to be thinking how we would be doing it.

I would think that we would as we get—if our analysis indicates that change is coming closer in Cuba and that we have a clearer idea of what sort of needs would need to be met, then I think we would have a more coherent idea of what kind of packages to put together in terms of assistance, and not just U.S. assistance.

I mean I think we have to think very carefully, and you have touched on this in your bill, both the multilateral development banks and others, to which Cuba does not belong now, but we might want to be thinking about how to make their resources—it would be a lot more than we do—available to Cuba in the shortest possible time for the kinds of things that would make most sense for the reconstruction period; not only that, but also other governments that have manifested a great interest in Cuba, and also the private sector, and also a tremendously valuable resource, which are the Cuban citizens living outside of Cuba now in many countries that have demonstrated a generosity and tremendous talent, have resources and interest in helping. All these things need to be thought about, how these resources can be brought to bear so that the Cuban people inside people, as they determine their own fate, can best take advantage of these resources. And we have to be thinking about all these things as we move forward.

I do not think that right now we can start to define specific programs. I think that, in fact, there would be some element of acting at the last minute. There would have to be. We would have to come to the Congress, say this is how we analyze the situation, this is what we think we will need, what do you think; see if we can work out something on that, as we have done in Eastern Europe and with Russia. There will always be some element of that, but we can prepare for it as best we can. I think that is the thrust of your legislation and that is the thrust of what we are trying to do.

Mr. MENENDEZ. I have two final questions if I may, Mr. Chairman.

One is, the nonbinding policy statements in the section 3 of the bill which refer to U.S. respect for the self-determination of the Cuban people as a national and sovereign right which encourages the Cuban people to empower themselves with a government that reflects their self-determination, and that even talks about the possibility of something that the Castro government uses continuously as a sign of alleged U.S. imperialism, the Guantanamo Bay U.S. Naval Base to Cuba and the possibility of, under a democratically elected government, of returning that to Cuba.

How significant do you see, from a foreign policy view, these nonbinding statements to be?

Mr. WATSON. Well, I would want to analyze them more closely before giving you an absolutely definitive statement. But I think they are unexceptionable. I think they are important to recognizing to support the self-determination of the Cuban people, recognizes the self-determination of the Cuban people is a sovereign and national right and they must be free of interference by the government of any other country. I cited that one in my testimony. And encourage them to empower themselves with the government reflects the determination, self-determination of the Cuban people. To be prepared to provide the Cuban people with humanitarian development and other economic assistance, et cetera. I mean going through these things, I think they are powerful statements, very valid.

Mr. MENENDEZ. One that the United States, you believe, would be supportive of?

Mr. WATSON. I would have to go look at them a little more carefully. But, in general, I would say yes. On the question of the Guantanamo base, I do not think we are in a position to commit at all at this stage of the game. So you are going a little further than I think we would be ready to go.

Mr. MENENDEZ. Well, I am not seeking your commitment. I am asking—I did not get a commitment on anything today. But I did get some positive statements. I am not seeking your commitment. I am simply saying is that a possibility for negotiation?

Mr. WATSON. I certainly think there is a possibility.

Mr. MENENDEZ. I appreciate your comments since we are not only speaking here, but speaking to the Cuban people.

And my last question, Administrator Schneider, let me ask you this. You said we cannot have a comprehensive plan now because it is not reasonable to expect that we could be developing a comprehensive plan because of the desire to have some flexibility to respond to circumstances.

But is it not reasonable to have a comprehensive emergency relief plan? Our bill deals with two portions. One is emergency assistance to a transitional government versus longer term assistance. Is it not possible to have that assistance, which will be crucial for the Cuban people to know that there will be—that the United States would be in solidarity with them; that they would not be left alone as we continue the embargo, which I support; that they would have some vision that we would be helpful to them if there was some change within Cuba?

Mr. SCHNEIDER. I do not have any problem in responding to the last statement. Yes, there would be no question that the United States will be ready to respond with respect to emergency relief when that time arises.

My only concern was being able to say that a plan designed with great specificity today is going to be able to meet the extent or magnitude of the needs some time in the future. What I can say, and what I thought that we were aiming at, was to bring together the information necessary to estimate at this point the level of humanitarian needs and continue to update that estimate. At a point in time when there is a need to respond, we then would have the structure of that proposal essentially put together.

Mr. MENENDEZ. Thank you very much, Mr. Chairman.

Mr. TORRICELLI. Thank you very much.

Ambassador Watson, a moment on Mexico, if I could.

Mr. WATSON. Sure.

Mr. TORRICELLI. Is there any reason at this point to know or to suspect that this was part of any wider attack on the Mexican Government, or whether it is an act of the two individuals who are alleged to commit the assassination?

Mr. WATSON. There is no information to suggest the former at this point. I talked to our embassy last night and the first thing this morning, and neither we nor the Mexican Government, to our knowledge, have any antecedents on these two fellows. They are both in detention now.

Mr. TORRICELLI. One of the alleged assassins, I understand, has extensive family in the United States. I assume the law enforcement agencies of the U.S. Government are put in a cooperative mode with the Mexican Government or any contacts that might be necessary?

Mr. WATSON. I have to believe they would. The President told President Salinas last night we would cooperate in any way we could, and including that way.

Mr. TORRICELLI. Is there an existing procedure for how the Mexican Government proceeds, I mean how the party proceeds in selecting of a new nominee?

Mr. WATSON. I think I—it is difficult for me to respond too precisely to that question. My understanding is that there are rules concerning who is eligible and who is not, and people who are still serving in the government, on the government payroll would not be, because they would not have resigned early enough.

Mr. TORRICELLI. Let me understand this. Someone who is currently in the administration.

Mr. WATSON. At high level positions. I am not quite sure how——

Mr. TORRICELLI. Is not eligible.

Mr. WATSON. That is my understanding.

Mr. TORRICELLI. How high level a position do you have to occupy?

Mr. WATSON. I just simply do not know how high.

Mr. TORRICELLI. For example, could you be in a position of being a negotiator?

Mr. WATSON. My understanding is that a person like Mr. Camacho, or a person like Mr. Harando, the president of the party,

or a person like Mr. Cedio, who is the campaign manager to Mr. Colosio, people like that would not be——

Mr. TORRICELLI. Are not eligible.

Mr. WATSON. Would not be ineligible.

Mr. TORRICELLI. Would not be ineligible. I see.

Mr. WATSON. But people who are currently serving in the cabinet would be. But this is a complicated Mexican political question, and I do not want to be put in a position of responding absolutely definitively on that. That is my understanding after talking with our Ambassador first thing this morning.

Mr. TORRICELLI. Very good. I do think, from hearing your discussion with Mr. Menendez, your own views have been made clear to me with regard to the legislation, and I appreciate very much your participation here today——

Mr. WATSON. Thank you very much.

Mr. TORRICELLI [continuing]. The submission of your testimony and your cooperation. Thank you very much.

Mr. WATSON. Thank you.

Mr. TORRICELLI. The subcommittee will now receive testimony from Ambassador Reich, former Ambassador to Venezuela, former Assistant Administrator for U.S. Agency for International Development; Dr. Sergio Roca, Department of Economics, Adelphi University; and Mr. Frank Calzon, Washington Representative of Freedom House.

Gentlemen, welcome. If you could take your seats, we could proceed. Thank you very much for your patience today and for your willingness to participate, helping the subcommittee as it proceeds with this legislation, and welcome.

Ambassador Reich, if you would like to proceed. We do, of course, have any written testimony that was submitted and without objection, it will be placed in the record. I would urge you to summarize it if you would since it is available to us to read, and providing time then for to ask questions.

STATEMENT OF OTTO REICH, FORMER AMBASSADOR TO VENEZUELA, FORMER ASSISTANT ADMINISTRATOR FOR U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. REICH. Thank you, Mr. Chairman. I will summarize the statement. I, of course, appreciate the opportunity to present these views. I want to commend you and, in particular, Mr. Menendez for the initiative represented in this legislation.

I think H.R. 2758 deserves support because, unlike other measures designed to lift the embargo unilaterally, this recognizes the need to condition U.S. assistance on economic and political reforms by a new Cuban Government. It builds on the Cuban Democracy Act, and it will not offer an undeserved lifeline to the current government.

What it does call for—the specific conditions for resumption of U.S. trade and assistance programs—is based on respect for human rights, free elections, civil liberties and market-oriented reforms that will encourage a transition toward democracy on the island. It will do so by reminding the present government of its obligations under international law on issues such as property claims, labor freedom, human rights, and others.

If those proper conditions are created, I believe Cuba could once again resume being a leading economic performer in the Western Hemisphere. I do not want to get into the same debate that Congressman Rangel and Lincoln Diaz-Balart got into, but the fact is, as Congressman Diaz-Balart mentioned——

Mr. TORRICELLI. Please.

Mr. REICH. Please go ahead.

That the facts are there. Cuba always led the hemisphere in socioeconomic development. It did have a per capita GNP and socioeconomic levels equivalent to those of Italy and Spain in the 1950's; not just Italy, but also Spain. If, for example, in relation to the Cuban population today, the same GDP were present, Cuba's GDP today would be about $30 billion, instead of what it is today.

Mr. TORRICELLI. If what had occurred?

Mr. REICH. If the same GDP growth, per capita GDP growth had continued with the population growth what it is today, Cuba's total GDP today——

Mr. TORRICELLI. You extrapolate it out from the 1950's?

Mr. REICH. Yes, sir.

Mr. TORRICELLI. I see.

Mr. REICH. Would be about 10 times what it is today. In fact, later on in my testimony I mention the fact that the Cuban-American—the Cuban emigre community, its GDP is two to three times that of the entire island of Cuba. Now, of course, people will say, well, that is not fair because we get paid in dollars and most of the Cubans on the island, of course, do not, but that is part of the problem.

In spite of 35 years of Marxism, on the island, I think there is still a base for viable industries. We all know what they are. Not just agriculture, but tourism and others. However, as with any transition economy, no amount of bilateral or multilateral assistance will be sufficient to improve conditions unless the new Cuban Government provides a welcome environment for private enterprise, trade and investment.

All we have to do is look at the examples of the former Soviet bloc countries. Some, for example, like Czechoslovakia, which have transferred businesses into private hands are doing well. Others, like Russia and Ukraine, which have not, have squandered many billions of dollars in resources.

For Cuba this lesson is particularly important because its hard currency reserves are so low that right now the signing bonus of Baltimore Orioles baseball player, Raphael Palmerio, equal all of Cuba's hard currency reserves.

The reason for that decline is obvious. It is the economic policies of the government of Castro, which does not provide incentives to the people to work and for the economy to grow.

Much attention has been paid to the measures implemented last year and announced by Castro on July 26, to allow people to hold dollars and to decriminalize several kinds of nonprofessional trades. However, less attention has been devoted to Castro's recent reversal of some of these reforms after he railed against capitalism at the December 28 meeting of the National Assembly. That forum trimmed a number of self-employment categories, banned the cre-

ation of private restaurants, and prohibited unofficial taxis from visits to airports and hotels.

The transition, Cuba's transition from communism to democratic capitalism, will require major economic, social and legal restructuring. We believe that only with the onset of fundamental economic reforms can these programs contribute to a solid foundation, and that is one of the reasons why I support H.R. 2758.

We believe that human rights have to be included, as has been mentioned here today. It is very important to take into consideration labor conditions, Mr. Chairman. Cuba is one of the few countries in the world ever to be cited by the International Labor Organization for forced labor, violation of forced labor conventions, as well as others which I list here in the testimony.

Even if one were to put aside those political and human rights and labor concerns, other conditions must exist in order for private enterprise to contribute to the economic recovery of Cuba. H.R. 2758 requires that a democratic government in Cuba is moving toward establishing a market-oriented system and an independent judiciary in order to qualify for U.S. aid. We list some of those benchmarks: rule of law, contract sanctity and due process; protection of property rights, and it is very important, Mr. Chairman, to take into consideration the fact that the U.S. Government has warned potential purchasers of properties on the island that they may be receiving stolen property if they make any investments or joint ventures in Cuba. I think that the issue of claims against confiscated property, particularly productive commercial enterprises, is very important in order to give investors the confidence they need to contribute to Cuba's economic development in the future.

Other of these benchmarks include: secure money and capital repatriation—which Cuba does not allow, even Vietnam allows it—and independent operation of enterprises. For example, currently none of those people who are allegedly investing on the island can contract directly with their employees. They have to do it through the government.

Another is consistent and uniformly applied commercial laws.

But I want to add at this point also, Mr. Chairman, that the emergency assistance provisions of this legislation are very important. I was very happy to see one of my successors, the Assistant Administrator of AID for Latin America, mention here that AID is going forward with studies to look at the necessary emergency assistance measures because my experience in government, frankly, and this is not a criticism of the current administration, it is also a criticism of the two administrations that I served, that I do not think we were fully prepared for all the contingencies possible in Cuba, and I think your legislation does address that.

I agree with you there is a need to develop these plans. I think that has been discussed at length with the previous witnesses, because I think what happens in Cuba will affect us very directly.

I mention in the testimony some of the things that AID and other agencies, such as Defense and others, can do to contribute to a timely reaction on the part of the U.S. Government. There are a lot of resources in the United States, not only in the government; a lot of resources in the private sector, private voluntary groups,

the Cuban-American community, which I mentioned earlier, and others.

Finally, I would like to say that I believe when a stable, democratic and market-oriented Cuba finally opens its doors to competition and commercial opportunity, U.S. companies will be second to none in providing goods and services to this market.

As I mentioned, I think the Cuban-American community will lead that revival because of its prosperity, and I believe this legislation does lay the groundwork for that economic recovery by focusing the attention of the U.S. Government in the proper direction.

Thank you, Mr. Chairman, for this opportunity.

[The prepared statement of Mr. Reich appears in the appendix.]

Mr. MENENDEZ. Thank you very much, Ambassador.

Dr. Roca.

STATEMENT OF SERGIO ROCA, PROFESSOR OF ECONOMICS, ADELPHI UNIVERSITY

Mr. ROCA. Good afternoon, Mr. Chairman. I am honored to be invited to provide testimony before this body on the topic of Cuba. I have been studying the Cuban economy for 30 years. I was born in Havana, and I have visited the island four times since 1979; most recently in May 1991.

On the whole, I think that H.R. 2758 constitutes an important contribution to the development of U.S. policy toward Cuba, seeking to assist the island in a smooth and peaceful transition to a democratic and market-oriented society. This bill breaks new ground and is forward-looking in several ways: its provision for an even-handed treatment of individuals and entities seeking to form a future government; the proposal to return the Guantanamo Base or at least renegotiate the existing agreement; the provision for assistance to the Cuban military; and the allowance of sufficient time for the holding of free and fair elections. All of the above, I think, represent a welcome change in direction in that it attempts to provide some minimum level of incentives for the potential actors in the transition process.

However, with a view toward its improvement, let me express several concerns and reservations about some of the provisions of this bill.

First, the bill provides "for assistance to the people of Cuba once a transitional government is in power." My point is: can something be done to nudge the process along, to attempt to facilitate change?

Though forward-looking in intent, the bill remains reactive in nature. I would argue for some degree of proactive U.S. policy toward Cuba in modest ways, such as increasing human contacts, cultural, scientific, academic exchanges, et cetera; expansion of family visits to and from the island; and increased telephone communications.

Systemic change will not flow from these interactions, but the long process of transitional change will be greatly facilitated by them. Let me emphasize the lengthy nature of the transitional process.

I agree, and I have said so many, many times, that Castro and his close associates have been reluctant, indeed recalcitrant, to engage in substantive reform. But, nevertheless, economic reform has proceeded along from conditions existing in 1990, if slowly and with

many and severe limitations and restrictions. The process of economic reform in Cuba will be long and difficult, just like the ones that transformed the former Soviet Union and Eastern Europe and unleashed the great changes in the Chinese economy, and these took 20-plus years.

I believe Havana started on the road to economic reform again in 1990, in response to the disappearance of the Soviet bloc. But the gestation period is measured in years. As a guess, I am sticking my neck out once more, I would say it will be 4 to 5 years from now to the point of transition to a market economy. Along the way detours and retrenchments will be common.

There is now an ongoing internal economic debate between two opposing camps: those who recognize the need for financial stability only; they are concerned with the budget size and financial equilibrium, and want to attack that problem and leave it at that; and those who argue for macroeconomic stability, plus subsequent comprehensive reforms.

The open and free-wheeling exchange of views on budget deficits, income taxes, and public subsidies between Castro and Finance Minister Rodriguez at the National Assembly meetings last December, I believe, is reflective of the intensity of the current struggle over policy. And I think the next few months will be critical about this.

Economic reform has started, even against the wishes and contrary to the efforts of Castro, even though I am sure we all know, and I would be the first to admit, as he has done many, many times before, he can become a decisive blocker of change. But under present conditions of complete lack of alternatives and absolute economic ruin, I think that the reform process is autonomous, responds to systemic imbalances pressuring the island's economy, and is imbued with a dynamic force that carries it forward and extends its domain.

If the economic reform process turns out to be lengthy and complex, the usefulness of a more proactive U.S. policy becomes more apparent.

Next point, it bears remembering that Cuba remains a sugar-based economy, and that any recovery plan must include a significant role for that industry. I believe this bill must make provision to include at least a partial restoration of the Cuban sugar quota, perhaps at half a million tons a year. This is a very difficult political question, involving domestic producers and foreign countries, but that is not my problem. That is the Congress problem. Down the road other tough decisions about Cuba's role in the world economy include the issue of NAFTA membership.

Lastly, this bill's clear and resounding support for the self-determination of the people of Cuba and its assertions about national sovereignty are extremely important in promoting a positive response to the document in the island. For many decades, if not centuries, Cuban nationalism has been a powerful force, shaping the course of the island's historical development.

In this context, the provision in section 8.3 that the transition government should not include Fidel and Raul Castro and persons appointed by them may prove troublesome in terms of the implementation of the act. In most transitions from totalitarian or au-

thoritarian regimes to democratic governments in the last few years, the holders of power have participated in the process: the Sandinistas in Nicaragua, Pinochet in Chile, ARENA in El Salvador; DeKlerk in South Africa. In different forms, this experience has been replicated in Russia, in other CIS Republics and even some Eastern European countries.

This is an excruciating decision, but one which will determine the applicability of the act. A "hard" condition, such as it now exists, will likely generate little response from the Cuban side, even from the incipient reformist factions. If we agree that change in Cuba is to be undertaken by the Cubans themselves, then the bill's provisions must reflect that condition and provide the necessary facilitating circumstances.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Roca appears in the appendix.]

Mr. MENENDEZ. Thank you, Dr. Roca.

Mr. Calzon.

STATEMENT OF FRANK CALZON, WASHINGTON REPRESENTATIVE OF FREEDOM HOUSE

Mr. CALZON. Mr. Chairman, I am honored to appear before the subcommittee today to share my views about Cuba, U.S. policy toward the island——

Mr. MENENDEZ. I am sorry to interrupt. Would you use the microphone?

Mr. CALZON [continuing]. And Congressman Robert Menendez' efforts to help the Cuban people in their struggle toward a democratic, pluralistic and free market society.

As Washington Representative of Freedom House, I have been fortunate to meet many men and women from around the world, who like the Cubans today, suffer under dictatorial regimes. Freedom House is a bipartisan, independent human rights organization founded in 1941 to oppose German fascism. Since then, Freedom House has promoted human rights and democracy at home and abroad. Our current chair is Bette Bao Lord.

Freedom House strongly endorses the goals embodied in the legislation presented by Congressman Robert Menendez to provide assistance to the Cuban people after the demise of Castroism and during the expected transition period toward democracy, political pluralism and a market economy. A society dedicated, in the words of Cuban patriot and poet, Jose Marti, to the "full dignity of man."

Mr. Chairman, I would like to summarize my statement, but I would like to request that the full statement be included in the report.

Mr. MENENDEZ. Without objection, so ordered.

Mr. CALZON. Mr. Chairman, Cuba is at a standstill today. A visitor to the island recently wrote to me: "Cuba is for sale. Cuban men and women are for sale. Cuban children, male and female, are for sale." This is one of the outcomes of Castro's political experiment in the heart of the Western Hemisphere. The Cuban crisis results from a system proven bankrupt everywhere else it has been tried, and Castro's mismanagement, cruelty and ineptitude.

Having said all of that, of necessity the most important consideration for the U.S. Congress has to be America's national interest.

What can the United States do to deal with a situation in a way that will minimize its negative impacts on the United States?

There is no question that given the current crisis in Cuban immigration, pressures will continue to rise, and the number of refugees will no doubt increase if there is widespread bloodshed. Another concern is the issue of public health. If there is an epidemic among the Cuban people, weakened as they are by years of shortages of basic nutrients, or a crop blight, or a Chernobyl-type nuclear accident in the island's nuclear reactors still under construction, the United States will be affected.

So it is not only out of humanitarian concern, or as a response to the pleas of the Cuban-American community that the United States should look at Cuba today.

I recently accompanied Alina Fernandez, Fidel Castro's daughter, to the meeting of the United Nations Commission on Human Rights in Geneva. At a press conference there she said, "Havana is a city without dogs and without cats."

"Havana is without dogs," she said, "because the people have gotten rid of them. A dog is an extra mouth that most Cubans cannot afford to feed." "The price of cat meat," she added, "fluctuates on the black market." This is a country where, for more than 20 years, when a child reaches the age of 7, he or she is no longer able to receive milk. Ms. Fernandez, like most Cubans, knows who is responsible. "All the ills of Cuba," she said, "have a name: Fidel."

This is why those who blame America first and would like to lift the U.S. trade sanctions against the Castro regime are so mistaken. They can only blame the United States by ignoring the nature of the Castro regime. Castro maintains a Stalinist paradigm. He imported from the old Soviet Union not only a political philosophy but Stalin's repression, including the use of psychiatric hospitals and electroshocks as punishment against sane dissidents.

The internal opposition to Castro, as well as most of the opposition in exile, have publicly renounced the use of violence. At a minimum, Havana should be required to terminate the rapid deployment brigades. These groups of government-sponsored thugs appear in the homes of dissidents, breaking furniture, smashing windows, beating up human rights activists. When the police arrive, instead of arresting them, they arrest the dissidents for disturbing the peace. These "angry people," as Fidel has called them, travel in trucks in a country where gasoline is rationed, and use walkie-talkies only available to Cuba's security forces.

Any reevaluation of U.S. policy toward Havana must be conditioned on concrete and demonstrated internal reforms. The cases of Chile and South Africa provide examples of how such a policy can be put into effect. Why not ask for free and fair elections, a free press, the rule of law and the restoration of a free labor movement?

For the United States to begin normal relations with Havana, the Cuban Government must begin to behave in a normal fashion.

I would like to say to Congressman Rangel and others who advocate precipitous changes in U.S. policy that the obstacles to normal relations are neither in Washington nor in Miami, and to some extent, not even in Havana. The obstacle is Fidel. He must stop his policy of violence against those who seek peaceful change. Those who advocate lifting of U.S. trade sanctions, ignoring the current

outrages, carry a heavy moral responsibility. They are contributing to the maintenance of the status quo in Cuba.

Finally, Congressmen Menendez' approaches are significant for four reasons:

One, in opposition to so much reactive U.S. policy, he attempts to outline a course of action before the storm hits. It alerts American Government agencies to the need to give serious consideration to both policy and policy implementation toward the Cuban crisis. It is a sound effort because it promotes the interests of the Cuban people while protecting fundamental American interests.

Two, to those in Cuba or elsewhere who continue to give some credibility to Castro's nationalist rhetoric, and who have forgotten his internationalist ambitions, it says in very clear language that the American people have no interest in dictating Cuba's future. It is up to the Cubans.

Three, to the Cuban military, Congressman Menendez' initiative says that once Cuba is free the United States is ready to negotiate the U.S. naval base in Guantanamo, and it seeks a way of helping ameliorate the impact of the inevitable downsizing of Cuba's military.

Four, finally, to the Cuban people, already aware of the generosity of a neighbor who opened its doors to more than 1 million fellow Cubans, it says that America is willing and able to provide help, as it had done many times elsewhere; but that, as I indicated before, external factors are much less important to the resolution of the Cuban crisis than the repressive nature of the regime and the courage of thousands of men and women in Cuba whose only protection against the wrath of a police state is their love for freedom, the sacrifice of many others on the island who try to help them, and the solidarity of the outside world.

Congressman Bob Menendez attempts to help Cuba, not Castro. His concern for the Cuban people has been a constant of his public life. The Congress and the President could do much worse than to give serious consideration to the prudent, yet imaginative ideas contained in his initiative.

Thank you.

[The prepared statement of Mr. Calzon appears in the appendix.]

Mr. MENENDEZ. Thank you very much, Mr. Calzon.

I want to thank all of the panelists for their testimony. Let me start with Ambassador Reich.

I do not want to take credit for the response I gave to Mr. Rangel, the historical response that the only country in the Eastern bloc countries that had a bloody move toward democracy was in fact the only one that the United States gave an economic benefit to via the Most-Favored-Nation trading status. I owe that historical fact to you, and I appreciate you having, in past conversations, said that to me.

I would like to, just before we get to some specific questions on the bill and then to turn to my colleague, Ileana Ros-Lehtinen, ask you this.

We hear so many references to, well, we lifted the Vietnam embargo, and so we should automatically lift the Cuban embargo, and, in fact, that the waves of democracy and respect for human rights

and all those things will collapse simply, simply by the lifting of the embargo.

Can you differentiate both of them for me, and tell me whether the second premise has some strong foundations or are they weak in nature?

Mr. REICH. Well, no, I mentioned, in fact, a couple of examples, Mr. Chairman, where Vietnam has moved much farther ahead on the road to economic freedoms. We obviously should not fool ourselves that it has become anything but a one-party state. It is still that.

But in the apparent search for common ground that took place this morning, everybody seems to agree that we are all looking for a way to replace the current dictatorship in Cuba with a democracy.

In the case of Vietnam, that search has been preceded by economic steps such as allowing, for example, individuals to go into business for themselves and not be controlled by the government as they still are in Cuba.

The contract with employees is an example. The fact is that if a Spanish or a Mexican or a Canadian entrepreneur comes in and wants to manage a hotel or build a hotel, that they contract with their suppliers and even their employees through the state, and the state then gives to the employee what the state decides is a fair wage, and that fair wage is a starvation rate. And yet they see, of course, the state deriving all the benefits from the foreign investment.

Those are just some of the examples. And your mentioning the case of Romania is important because there is a feeling—because we live in a free society, because we believe in free trade and free enterprise and a lot of other things that we tend to take for granted—we seem to think that the free market can overcome anything. I would like to believe that, because I am a believer in the free market. But when a government has totalitarian control over all of the means of production and all of the means of communication and information in a society, the free market cannot operate.

And, unfortunately, there are still some conservative Republican free market friends of mine who have been confused lately by some of the measures in Cuba. That is why I mentioned here today that in spite of the reforms announced last July, some of them have moved forward, but the government has been taken by surprise, I think, by the extent to which people are willing to go into business for themselves, and they are beginning to back off.

Now, if the United States could do something to encourage the move toward free enterprise in Cuba, and if that were the way to lead toward a democracy, and that if that would lead to this peaceful transition we are all looking for, I do not think anybody would oppose it.

But I would be happy to give you more examples—I do not want to monopolize the time—on the differences between Cuba and Vietnam. I would be happy to submit that for the record.

Mr. MENENDEZ. Sure, we would like to have it.

Let me ask you this. We often hear—I recently heard, I think, in the hearings that were held a week ago, that 90 percent of all

domestic production in Cuba facilities are privately owned, 90 percent. Is that a correct statement?

Mr. REICH. No, sir. I believe in the countryside some are, but the proportion is probably the exact opposite.

Mr. MENENDEZ. Ten percent, maybe 10 percent?

Mr. REICH. Perhaps my colleagues have better information, but I believe that 20 percent of agricultural, some agricultural production may be in private hands. It all depends also how you measure it, because it could be more than 20 percent of the total agricultural output. I mean, we know a lot of things about communism now, and it is just amazing that after everything we have seen since the fall of the Berlin Wall and the opening up of all those societies on the other side of that wall, that people still think that anything but free enterprise can help a country come out of poverty.

If you measure total agricultural production, which of course you cannot measure in Cuba because the government controls all the statistics, it may be that agricultural production in the hands of individuals out-paces that of the state, it is possible. But in terms of the total output or GDP—in private hands, I do not think the total domestic product in Cuba has more than 10 percent, if that much, in private hands.

Mr. MENENDEZ. Dr. Roca, let me ask you. With reference to Cuba and its agricultural ability.

Mr. ROCA. Yes.

Mr. MENENDEZ. I have often been told that Cuba has one of the most fertile lands in the Caribbean, if not the hemisphere.

Mr. ROCA. That is true.

Mr. MENENDEZ. Has great production capacity.

Mr. ROCA. Yes.

Mr. MENENDEZ. Then if that is the case, what presently prohibits the production that would feed the Cuban people and take a good deal of their present lack of basic sustenance away?

Mr. ROCA. Through a simple answer. The economic system under which they operate.

Mr. MENENDEZ. Describe for me how so, how so is this a fact, the production capacity not move forward.

Mr. ROCA. Well, they have, up until recently and maybe this is the confusion about the 80 percent, 90 percent, recently has been a change in the land tenure system as between state farms, government-owned farms, cooperatives and private farmers. The breakdown used to be about 80 percent or so state farms, about 15 percent or so, or 10 percent co-ops, and the rest, the few remaining, private farmers.

They have now attempted to improve the situation by allowing more and more co-ops to be formed, and be run as cooperatives with a lesser degree of state control over what is produced and so on and so forth.

In my estimation, that still remains excessively under state control. It is not a real co-op form. Prices are not determined by the market. Farmers are not really free to plant and sell what they want, where they want and so on. And in fact that becomes the source of the difficulties.

The level of agricultural output, in fact, for most of domestic consumption items, tubers and vegetables and rice and fruit and so on, has remained rather stable for the last 10–15 years. So this is something that predates the demise of the Soviet Union and the subsequent reduction in Cuban inputs. They have never, never been able to get agriculture right. This is the case in all centrally planned economies. They have some level of efficiency, at a small level but still in industry and so on. But agriculture has always been the sore point.

The huge farms with no cost control, with central orders to produce, with no interest in producing for the consumer. In fact, in many cases the productivity of many private farms or co-ops exceeded that of the state farms, as in the case of sugar and others.

Mr. MENENDEZ. Are you aware of any domestic investment activities that would increase productivity significantly in Cuba?

Mr. ROCA. No, I think that because of the drop in national income and therefore the reduction in capacity, the investment ratio is way down. But even if it were to go up, it seems to me very clear that unless you change the entire system, you are still carrying water in a strainer; you can do it as fast as you can, but you are going to lose all of it because it simply is not—is not being done in the right way.

So the problem with the Cuban economy is very simply a systemic problem. It is common to all centrally planned economies. And unless and until they realize that that is the problem and it must be changed, they are going to be simply trying to stay above water.

Mr. MENENDEZ. Let me ask you this, and then I will turn to Mr. Calzon. Did you follow the—I mentioned earlier in one of my remarks Mr. Salchaga's list of reforms to the Castro government, the former finance minister of Spain.

Mr. ROCA. Yes.

Mr. MENENDEZ. The recent visit by one of the—I think there was the Belgian director of the International Monetary Fund.

Could you relate for the subcommittee what some of those reforms suggested were?

Mr. ROCA. Well, the Spanish Minister had more specific reforms in terms of, in fact, he told them point blank you have to redo the whole thing. You have nothing here. You have no accounting system. You have no price system. You have no legal system, no banking system period.

The IMF report is more general because they have to be more diplomatic about these things. But, of course, it pointed out to the Cuban government that they had to move in the direction of market-type reforms; gave them advise as to what was happening in the Soviet Union and in Eastern Europe, and offered to contribute whatever know-how they had accumulated in that respect. In fact, they gave them a whole stack of documents and reports about the progress in these transition economies.

Mr. MENENDEZ. Thank you.

Mr. Calzon, let me ask you. You had the benefit of being in Geneva. We heard this morning from my colleagues on the House of Representatives who seek certain goals, such as democracy and respect for human rights.

Could you tell me what the focus of the testimony was in Geneva as it related to the ultimate decision by the Human Rights Commission to once again vote in denouncing the Castro government's human rights violations? Would you give us a sense of that for the subcommittee?

Mr. CALZON. This year, once again, the Commission received a report, a catalogue of violations of human rights in Cuba, abuses in prison, and the systematic denial of human rights. The Cuban Government had a very active campaign, trying to prevent the appointment of a new investigator for the coming year. They failed.

No Latin American Government voted with the Cuban Government. No former Communist government from Eastern Europe or indeed the Soviet Union voted with Havana. I believe Havana had nine votes, counting their own, which included China and Libya, that do not have high credibility around the world as far as human rights are concerned.

In spite of the fact that the Rapporteur is a Swedish diplomat with very high credibility, whom everyone says is a professional, Havana continues to deny him access to Cuba. So he has not been able to travel to Cuba, although he has received voluminous reports from human rights groups in Cuba, from the Cuban community abroad and from people who travel to the island.

And so I do not quite understand why Congressman Rangel, if I understood him correctly, could say that there is a lack of information. Amnesty International certainly publishes a lot of information, as does Americas Watch, and Freedom House. So it is not a question of lack of information, but the inability of the international community to convince the Cuban Government to stop these abuses.

Mr. MENENDEZ. Do you believe that Cuba can successfully replicate Communist China's models of political repression and at the same time economic liberalization?

Mr. CALZON. The economist in the panel here is Dr. Roca. To date the reforms are geared more toward obtaining hard currency and exports than in trying to release the productive energies and to ameliorate the suffering of the Cuban people.

If the Castro government really cared about the welfare of the Cubans, he would do what Dr. Roca suggested; allow the Cuban farmers to grow and sell, and suddenly tomatoes and oranges and milk and chicken and other things would be available in Havana.

The problem is that Castro has a conflict between providing food for the Cuban people and political control, and until now he has chosen the road of political control.

Mr. MENENDEZ. We have heard from various sources about the number of people in Castro's jail for both political dissent and for other purposes, and I am not quite sure how to even categorize them, because in my view they are almost all political prisoners and their members are dramatically rising.

Does Freedom House have any sense of that from the sources that it speaks to?

Mr. CALZON. We continue to receive information. Cuba is not only a Communist regime, but a Stalinist dictatorship. Sometimes even here in Congress people forget the distinction. In Eastern Europe in the 1980's, there were reforms that Castro would not allow

in Cuba. Cubans go to prison for things that are not crimes throughout most of the world.

I read a news story last week reporting that the Cuban police were searching the cars coming into Havana of Cubans who had tried to go to the countryside to buy food to feed their families. That could be a crime in Cuba and they could go to prison for that.

There is also something called enemy propaganda. Distributing copies of the Universal Declaration on Human Rights could get you imprisoned in Cuba.

Mr. MENENDEZ. Even though Cuba is a signatory to the document?

Mr. CALZON. That is right. There are crimes like contempt. If somebody says something critical of Castro, they could go to prison in Cuba. The Castro government not only imported the Marxist philosophy and the economic model into Cuba, but also the means of repression. Those who are familiar with Stalin's system in the old Soviet Union understand very well how it is possible that Cuban dissidents spend time in psychiatric institutions, or are given electroshocks because of their peaceful opposition to the regime.

I think that those who talk about concern for the suffering of the Cuban people due to the U.S. embargo should not remain silent any longer. There is enough suffering in Cuba that ought to demand the attention of Congress. Those who have other policy views ought to do what they can to talk to the Cuban Government, to bring to an end some of these things.

Mr. MENENDEZ. One last question in this vein. There is a sense, as I heard somebody in a recent testimony say that everybody supports Castro back in Cuba. I find that very hard to believe. Cubans, once they get here, what they say once they are here, without fear of the possible reprisals that exist, some of which you have described, tell a much different story. Those who have come to my district, which is the second largest concentration of Cuban-Americans in the nation outside of southern Florida, and those who I have visited with in southern Florida tell me a much different story.

Do we still have the committees to defend the revolution, and what is that exactly, for the purposes of the subcommittee's information? And what are the activities that we read about that you may hear about as an organization that human rights activists speak constantly about? What are the activities? Do we see signs within Cuba of peoples' dissent, as difficult as that dissent might be?

Mr. CALZON. Let me answer—I think there are two points that you made here.

One is the ability to measure levels of support in the absence of a free press and the ability to conduct public opinion surveys. It is very difficult to get a very precise idea of how many Cubans support Castro. But I would argue that the level of support for the dictatorship in Cuba is not greater than it was among the Czechs or the Poles or the Romanians or any of the others who have suffered under a dictatorship.

If Castro had an overwhelming level of support, as has been argued elsewhere, I do not see the need for him to deny access to the

Special Rapporteur of the United Nations. I do not see why he is so afraid of allowing a couple of hours of television to enter Cuba if in fact he has such great support. I do not understand why then he has not only the committees for the defense of the revolution, but the rapid deployment brigades that go around beating up people.

So it seems to me that in Cuba you have an ironic situation in which, of course, the people are afraid of a political police, but they are also afraid of what could happen to them. But I think in a very strange way, Castro is very afraid of the Cuban people.

Mr. MENENDEZ. What about the incidences in Cojimar and Regla, and what we read about los apagones or blackouts? Do we have a sense of that?

I mean, to me, that is remarkable in a very closed security-driven, tightly held society. And they may seem insignificant to others, but they seem to be significant beginnings to me.

Mr. CALZON. Well, we continue to receive information about incidents and about the willingness of the human rights community within Cuba to stand up to the regime. Two things very important happened last year. One, the pastoral letter from the Bishops, and two, in answer to requests from Felipe Gonzalez, the Prime Minister of Spain, the Cuban authorities talked to several prominent political prisoners in Cuba. Sebastian Arcos Bergnes, Yndamiro Restano and Alberto Pita Santos, among others were told that the Spanish Government had asked for their freedom and that they could be released, but they had to go directly from prison to the airport. They would be expelled from Cuba. These very brave leaders of human rights groups in Cuba remain in prison today because they refused to be expelled.

The issue of South Africa was mentioned earlier. Perhaps a day will come when some of these leaders, as in the case of Nelson Mandela, will be released from prison, not to be expelled from the country, but to be part of a Cuban solution.

Mr. MENENDEZ. Ambassador Reich, do you want to say something?

Mr. REICH. Yes, Mr. Chairman. I wanted to add something.

This whole question of the ability of totalitarian regimes to confuse visitors is something that I think has puzzled a lot of us who have studied it. In fact, there is a very good book on the subject which is probably out of print now, but it was written about 10 or 12 years ago by a Hungarian refugee, somebody who had lived through the Hungarian Communist experience and had fled. Paul Hollander, who is a professor—I think at that time he was at Princeton—he wrote a book called "Political Pilgrims," where he documented the numerous times over decades where mostly Western intellectuals went to visit these utopias that were in effect totalitarian regimes, and came out singing their praises because they saw only what they wanted to see.

I mean, let us not forget that people went to Russia under Stalin and said, "I have seen the future and it works." They went to Vietnam at the height of the repression there. They have gone to Cuba.

By the way, I am told that Hollander is now at Harvard Center for Russian Studies. My friend, Frank Calzon, is updating me here.

But that is one example. Another that is more recent is——

Mr. MENENDEZ. I liked it when he was at Princeton. He was in New Jersey. [Laughter.]

Mr. REICH. Another example to show you how we really cannot measure what is taking place in a dictatorship is Nicaragua. It was a dictatorship, obviously, under the Sandinistas, and all of us opposed it. But it never reached the levels of repression that exist in Cuba today. And even there, when American pollsters went down to try to find out how the Sandinistas were going to do in the elections, they had the Sandinistas winning that election right up until the day of the election, by 17 points. They lost, I believe, by 15 points. So they were quite a bit off. And the reason was people will not tell a stranger in one of these societies what is on their mind.

Mr. MENENDEZ. In polling language, that would mean plus or minus 32 percent.

Mr. REICH. That is right. That is how far they were off.

Mr. MENENDEZ. Almost 34 percent.

Mr. REICH. I had a personal experience. I wrote my Master's thesis on Cuba while I was at Georgetown University. I went down to Miami to interview people who had just left in what was then called the Puente Aereo, the air bridge that had been set up after 1965, after a previous mass exodus, and these people were all met by U.S. Government officials or Catholic Church officials, and they were in a building right off—right outside the airport, the Miami Airport. And I asked for permission, through Georgetown University, you know, officially to go and interview these people as soon as they were available because I wanted to find out what their feelings were of Cuba.

And I interviewed quite a few, and many of them, of course, were very willing to speak. But it was amazing the number of people who were unwilling to speak. I remember this one man. I had a tape recorder. I asked him, of course, for permission to tape record. And he was not giving me any answers. And I said, why do you not want to tell me? I said: "I have not asked your name. I do not know who you are. I am just interested in the conditions in Cuba and what led you to flee, et cetera." And he says, "Well, how do I know this is not a trick?"

I said, "well, look around. You are in Miami. There is the airport. There is the American flag. There is—at that time—Eastern Airlines and Pan American and the others." And he said, "Well, how do I know that this is not a trick and they just did not put us on an airplane and flew us to Las Villas or some place, and this is a place to just find out what we really think." That is what we are encountering.

This is what is so difficult, frankly, for journalists and for academics and for others to understand, when they go to a place like Cuba where people have been under surveillance for 35 years. And you are right to focus on the Committees for the Defense of the Revolution because that is the ultimate means of internal suppression. There is no better censorship than self-censorship, and that is what Castro has been able to achieve. That is also why he has failed miserably.

Mr. MENENDEZ. Dr. Roca, one last question because I know you have all been—waited a long time and have been very generous with your time.

What could Fidel Castro do right now without any U.S. assistance to help Cuba's economy and to go ahead and put more food on the tables of Cuban families without any U.S. assistance?

Mr. ROCA. Well, there are two options. The first one is take a long vacation in Tahiti, and I am sure we can find some U.S. funds to help him along.

The second, I think, would be even more difficult than the first, and that is for him to step aside and let others take over. I do believe that there is a level of political leadership and technocratic know-how in Cuba that would be able to carry the nation forward, to introduce reforms and to move slowly in the direction of democracy and market reforms given time and given incentives. But it is this—this stumbling at the very top, the historical leadership of the revolution that has been stuck there and that is completely recalcitrant in allowing for change to take place.

Mr. MENENDEZ. So, in essence, it is his own unwillingness to create market reforms that keep the Cuban people, to a large degree, with the necessities that they have?

Mr. ROCA. Yes. But I do think that, given the present circumstances, as I said in my testimony before, and the fact that there is very little, if any, options that they have, that the dynamics of the situation, the need to survive will create and is creating enormous pressure, slowly with all kinds of on and off and back and forward, to move in that direction within the next few years.

Mr. MENENDEZ. And, finally, to all of the panelists, we heard a lot in the beginning of this hearing about a bloody change, and my hope in my bill is to send a message of hope to the Cuban people that we would be willing to assist them immediately in a transitional government, and ultimately in a much more significant and dramatic way with a democratically elected government; and that their choices would be broadened by the opportunity of knowing that such assistance would be there which they presently are not told that such assistance might in fact be there.

Can you give me, from either the economic or political experiences, do you believe that is only possible, and if so, why, for a change in Cuba to come, as Mr. Rangel suggests that it might, without lifting the embargo, simply in a bloody vein, or are there other possibilities?

I mean, is it possible to obtain greater international isolation? Is it the fact that each time he turns an IMF person down, you know, a figure down who tells them there are economic reforms that will help the Cuban people, does that not continue to isolate him in world opinion, and ultimately does this not create a tremendous sense of pressure that he may be abandoned by those who support his dictatorship, and therefore not necessarily have a blood coup?

Ambassador Reich, do you want to take a shot at that?

Mr. REICH. Well, I believe Rand Corporation did a study where they examined the possibilities for change in Cuba, and I think they came out with 10 different scenarios. This was on international changes. This did not include international isolation, for example, which I will address in just a second. And they had a range of possibilities, including, of course, a massive uprising, which cannot be discounted, or a coup, or an assassination, any

number of things; some of which, of course, did involve violence. Some of which did not.

They included, for example, and perhaps they could be criticized as wishful thinking, a spontaneous general strike. In other words, the people finally reached the point where they are so physically exhausted and hungry that they cannot or will not go to work. Then, of course, what you mentioned earlier in your debate with Congressman Rangel comes to pass, which is, what does the Cuban military do at that point?

If they are forced to put the people back to work, do they side with the people? Do they side with those who are giving the orders? We already know from defectors that some of them will not fire. Let us just hope that that is the majority.

But it does not have to be a violent scenario. As you mentioned, five out of the six Eastern European satellites of the Soviet Union had a relatively peaceful transition. In the case of Czechoslovakia, there were a couple of deaths just at the last minute. But the one case where there was massive bloodletting was in the case of Romania, where the dictator was an idealogue, who based his power on the internal security police, who was out of touch with the economic realities of the country, and, frankly, where we did not realize the enormous human suffering that he had caused until later.

And I think that anything that the international community can do to prevent that from happening is positive. And by that I mean, frankly, I think the United States should convey to our trading partners the fact that subsidizing the dictatorship in Cuba goes against their own interests, because what is happening is what somebody has called the Haitianization of the Cuban economy.

Castro is driving the economy further and further into the ground. They are using oxen to plow, which they had left 30–40 years ago. The sugar harvest is now at such low levels that—perhaps historically low levels. Certainly in 50 or 60 years, there haven't been such low levels of the single principal crop in Cuba. And I think the international community should be very careful of doing anything that helps Castro financially.

And, in fact, to answer your earlier question about Vietnam, one very important difference is in this question of claims. The total claims against Vietnam, property claims, were $230 million, which was less than the amount of money confiscated, or frozen assets, in the United States from Vietnamese nationals.

In the case of Cuba, U.S. adjudicated claims alone total $2 billion in today's—I am sorry—$5.6 billion. It was almost $2 billion in 1960. In fact, it may be more than $5.6 billion, it may be over $6 billion now. That is one of the differences.

So anyway, that is in answer to several of your questions. But there is no one single answer.

I also, frankly, have to say, my personal opinion, that some of the people who are expressing concern about the bloodletting in Cuba did not seem to be so concerned when they were opposing other dictatorships that also deserved to be overthrown. And I think if there is a double standard, it is not just on one side here.

Mr. MENENDEZ. Anyone else wish to respond?

Mr. ROCA. I do firmly believe that a bloodshed can be avoided in Cuba, and I think your bill is a good starting point in that direc-

tion, in that there is a promise, and ultimately a guarantee from the U.S. Government that there is something to be gained by the Cuban people in a direct material sense in addition to the other benefits that will flow from a change in government in terms of freedom and democracy.

As I said in my testimony, I think that the additional material contributed by Alonso and Lago are in the vein, with more specific numbers, even though again it cannot be said or guaranteed that it will be appropriated, but that there is something—some more flesh in that outline.

Again, the question of the sugar quota is a crucial one; a very difficult question for Congress to decide given the fact that it has been now distributed among domestic producers in Florida and elsewhere and other countries. But there is a real hope there in that the worldwide sugar industry in fact is a declining industry, and that in fact one slight blessing in this whole mess may be that this drop in Cuban sugar output, even though it is very harmful to the Cuban economy right now, may be an adjustment factor, because in fact there is not much future in that industry. So going back to about 5–6 million tons could be a good thing to have already under your belt.

Mr. MENENDEZ. Thank you.

Mr. CALZON. I would like to say that, of course, there is something to be said about what Waelav Havel called "the power of the powerless," and I think it is a little bit ironic that some of the people who talk about bloodshed in Cuba have been silent in many cases for many years, particularly when Cubans were killing and getting killed in Africa, for example. I think that the whole issue of bloodshed is one that the Cuban Government continues to try to manipulate. It is the Cuban Government who has the answer to this question.

Everytime somebody talks about peaceful change, the Cuban Government starts talking about the possibility of bloodshed. So if the Castro regime and those around them would like to find a peaceful answer, they ought to start talking with the Cuban Bishops. They ought to start talking not with a few exiles who sometimes agree to some extent with them, but with the internal opposition in Cuba.

Mr. MENENDEZ. Well, I want to thank the entire panel for having testified. I have to go vote, which is something you cannot do in Cuba freely. And I hope and I do believe that a lot of the testimony that we have received today has been very productive and does send a message, both what we heard before from the administrator from AID about moving ahead, and from Ambassador Watson, in terms of preparing.

Our desire is to send a message to the Cuban people that we are in solidarity with them, but not with their dictatorship; that we seek to be a good neighbor and seek to assist in very dramatic ways. We are not against the Cuban military, but in fact seek to recognize that there will be a role for them in a civil society, as we helped the military in the former Soviet Union adjust to a life under a civilian and democratic rule. We hope to continue the debate, and we hope that the message that we have sent to the Cuban people today, which is in an open democracy, a great oppor-

tunity to have a full exchange of views. Even though those views are very divergent, it is something that we hope can be seen very soon in a free and independent Cuba.

Thank you so much.

The hearing is adjourned.

[Whereupon, at 1:25 p.m., the subcommittee was adjourned.]

APPENDIX

OPENING STATEMENT
THE FREE AND INDEPENDENT CUBA ASSISTANCE ACT OF 1993

MARCH 24, 1994

Over the past three years, this subcommittee has held a number of hearings on the topic of Cuba. Among other issues, we have looked at the political and economic situation in Cuba, the impact of the economic embargo, the efficacy of extending the embargo, and the implementation of the Cuban Democracy Act.

Today, we turn our attention to the transition to a post-Castro government in Cuba. Our specific focus will be on H.R. 2758, the "Free and Independent Cuba Assistance Act of 1993," introduced by a valuable member of our subcommittee, Bob Menendez.

H.R. 2758 establishes a framework for U.S. assistance programs once the President determines that a transition government is in place in Cuba. It also sets criteria that the President must use in defining a transition government, and in defining whether that government is indeed worthy of U.S. assistance.

With no sign that Castro is willing to reform, and to change the fundamental nature of his totalitarian regime, some may be wondering why the discussion this morning concerns a post-Castro Cuba. But in fact, the timing could not be better for such a deliberation.

The loss of an estimated $3.5 billion annually in Soviet subsidies is shattering communism in Cuba. Indeed, there is consensus among top Cuba analysts and scholars that the collapse of communism in Cuba is imminent.

The signs of impending collapse are multiplying. The list of items subject to rationing continues to grow. Bicycles are replacing buses and cars as the dominant mode of transportation. In the countryside, tractors stand idle for lack of gasoline and spare parts, their work now done by oxen. Factories are closing and produce is rotting on Cuba's docks, for similar reasons. In Havana and other cities, electricity blackouts are expanding, while underemployed urban bureaucrats are sent to the countryside to plant food and harvest sugar.

Castro's Cuba is confronting its worst crisis ever and it cannot possibly escape it unscathed. In the end, Castro will have to change his thinking or be pushed aside.

The former is unlikely. After 30 years of totalitarian rule, it is doubtful that he will now be flexible enough to adapt to the realities of the post-Cold War world. Instead, he will be removed from power involuntarily, either through defeat that is forced upon him or by violence.

In light of the many complications that have surrounded our efforts to aid newly democratic governments in Eastern Europe and the former Soviet Union, it is only logical that we begin consideration of a post-Castro Cuba, just 90 miles off our own shores, before the transition occurs.

Mr. Menendez has performed a great service with his authorship of H.R. 2758. His legislation provides an excellent vehicle for considering how the United States can best assist a transition government in Cuba. By beginning this debate now, we can ensure that when change finally does come to Cuba, we will be ready to assist it immediately.

We will be hearing this morning from three panels of witnesses, including Members of Congress, officials from the Clinton Administration, and a panel of Cuba experts. We look forward to hearing their thoughts on the Menendez bill and the prospects for a post-Castro Cuba.

Statement of the Honorable Robert Menendez (D-N.J.) Before the Subcommittee on Western Hemisphere Affairs Hearing on H.R. 2758, "The Free and Independent Cuba Assistance Act"

March 24, 1994

Thank you, Mr. Chairman. I appreciate your holding this hearing on this important matter, and once again want to recognize your leadership role on this issue. I am confident that history will record that role as that of a visionary.

There is a virtual consensus among Cuba analysts from throughout the entire political spectrum -- and even among foreign governments -- that Castro's Cuba is politically and economically anachronistic and bankrupt.

The collapse of Communism and the dismantling of the East Bloc has left Cuba isolated and in a deep crisis. Castro's political dictatorship, which excludes and represses popular participation, is not viable. Recent reforms to Cuba's external economic sector are insufficient -- and will be insufficient -- to lift Cuba out of its quandary. Such a failed system of government simply cannot be sustained internally. The genesis of a new system of government in Cuba, therefore, is inevitable.

Cuba has yet to begin a process of transformation away from Communist dictatorship and a command economy toward political democracy and an open economy. When it does, however, the U.S. should be prepared to nourish democratization and to encourage privatization in Cuba, as we have done in Eastern Europe and are now attempting to do in the former Soviet Union. Ultimately, friendly relations with a free and independent Cuba will benefit the U.S. economically and politically.

After a long and hard look at this issue, I concluded that the U.S. should anticipate a genesis in Cuba, rather than react to one only after it occurs. The U.S. should be prepared to act today were the Castro regime to fall tomorrow. We must be prepared for a change of regime in Cuba during the Clinton Administration.

I have introduced what I am confident is a forward-looking, balanced, and proactive approach to the impending transition in Cuba in the form of H.R. 2758, "The Free and Independent Cuba Assistance Act".

This bill basically provides for a two-tiered assistance program to a post-Castro government in Cuba: first, to a transition government, and next, to a democratic government. Recognizing that both bilateral and multilateral assistance will be required, we hope to lead an international effort to move Cuba toward becoming a bona fide and prosperous member of the international community.

Our purpose is two-fold: First, to create incentives for the Cuban people to initiate a process of genuine transition to a political democracy and an open economy. Second, to lend the Cuban people a hand in developing and consolidating a democratic government, an open economy, and supporting institutions.

The focus of the first phase, or the transition phase, of the assistance program is on solving Cuba's most immediate problems, establishing contacts between the U.S. and the transition government, and initiating a constructive relationship with the Cuban military. The U.S. would begin to provide emergency relief, humanitarian assistance, and military adjustment assistance to Cuba as soon as the President certifies that a transition government exists in Cuba. That assistance is quickly delivered, as the bill requires, by U.S., international, or indigenous nongovernmental organizations.

How do we get started? First, we have to get the Cuban people to have faith in our program and to trust in our intentions.

At the outset it should be U.S. policy, as H.R. 2758, states, that in solidarity with the Cuban people, the U.S. considers self-determination to be their "national and sovereign right". The Cuban people must understand that the U.S. harbors no aggressive intentions toward them; that we recognize that it is they who must take the future into their own hands; that in a period of transition they are not isolated; that the U.S. is committed to lending them a hand at this time of desperate need. To demonstrate that we mean business, we offer a renegotiation or an outright return to the democratically-elected government Cuba of the U.S. Naval Base at Guantanamo.

We can establish confidence early in the process by feeding the hungry and healing the sick. The Cuban people lack basic sustenance and adequate health care. As food, medicine, and medical equipment begins to arrive on a regular and reliable basis, the people will develop hope that a better way of life is coming. The process of providing and distributing aid is itself critical. The people-to-people ties and exchanges that develop will build confidence among the Cuban people that a new and functioning system can be built.

We want to express this message of support to the Cuban military. "We are willing to help you adjust to a new life in a democracy. Like your Russian counterparts, you have returned from adventures abroad and survived deception at home. We are aware of the difficulties that you face." Our bill recognizes the military's adjustment problems, such as housing and employment, and would provide help.

There is a caveat. While democracy cannot be expected to

arrive in Cuba overnight, U.S. assistance should be directed only toward a Cuban government that can demonstrate that it is engaged in a process of genuine transition toward democracy.

The Cuban government of transition will have to make considerable progress in the following areas: releasing political prisoners; allowing international human rights groups to inspect Cuban prisons; establishing an independent judiciary; having dissolved the fearsome Cuban state security apparatus; organizing free and fair elections; allowing an independent labor movement freely to organize; allowing the component parts of a civil society, such as social, economic, and political associations -- which currently do not exist in Cuba -- to develop.

Let us be clear: there must be progress before we can move forward with a plan of assistance. This is not only a political consideration; it will be an important consideration for investors as well.

The U.S. must maintain -- and without apology -- that democracy, respect for human rights, free and fair elections, and the rule of law should characterize the future democratic regime in Cuba. These standards are international and may be found in the Universal Declaration of Human Rights of 1948, to which Cuba is a signatory.

However, no U.S. assistance program -- nor any other program -- can substitute for the steps the Cuban government itself takes toward stabilization, development, democracy, and re-integration of Cuba into the international community.

Our purpose all along must be to assist -- never to conduct -- Cuba's recovery. A Cuban transition government must meet its responsibilities to its own people -- not to the U.S. or to any other country.

By the end of this transition process, we hope to have established a foundation for a successful longer-term assistance program to a democratic government. It will be difficult to provide more aid beyond the initial phase unless the government begins to consolidate the reform process.

The bill's second purpose is to lend the Cuban people a hand in developing and consolidating a democratic government, an open economy, and supporting institutions. We define assistance to a democratic government to include developmental assistance, food aid, and other U.S. government assistance programs, such as Export-Import Bank guarantees, Overseas Private Investment Corporation projects, Trade Development Agency assistance, peace Corps programs, military adjustment assistance, and other appropriate measures.

International organizations such as the World Bank, the Inter-American Development Bank, and the International Monetary Fund will also be needed for the Cuban transition. My legislation recognizes that other countries will have to assist in the effort. Latin American countries, hemispheric neighbors such as Canada, some of the European nations, and Japan, might be expected to contribute.

This longer-term help is aimed, as I alluded earlier, to consolidating democratization and privatization in Cuba, and to helping reinsert Cuba into the international financial community.

Finally our bill specifically offers Cuba membership in the CBI, and offers negotiation of a U.S.-Cuba free trade agreement. Granting MFN trade status to Cuba can also be considered.

As changes take root, the Cuban people will realize that their input produces something and that they and their families directly benefit. Personal interaction, the interchange of human experience, and the interplay of productive skills and abilities, will serve to increase the confidence the Cuban people will have in their new way of life.

Cuba and her people would benefit from the removal of the existing communist structures. Transition assistance would help Cubans to build a new society: an inclusive society in which citizens participate in all aspects of government; a society based on the rule of law; a society where leaders at all levels are selected through free and fair elections -- a society of hope.

The Free and Independent Cuba Assistance Act will send a beacon of light to the Cuban people. It says that we are in solidarity with you, but not with those who enslave you. We are ready to help, but first you must help yourselves. Remove the impediments to democracy and we will offer a strong helping hand.

To the Cuban military we say:

> "We are not your enemy and have no interest other than to recognize that we understand the pain of adjustment and are willing to help -- so long as you do not turn your guns on your brother and sister as they move to seek freedom and democracy."

Finally to the world community we erase the erroneous view that U.S. policy is strictly punitive towards the Cuban people -- and show that we are eager to welcome Cuba into the family of nations.

STATEMENT OF
THE HONORABLE CHARLES B. RANGEL

Subcommittee on Western Hemisphere Affairs

Hearing on the Free and Independent Cuba Assistance Act
HR 2758

March 24, 1994

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, I APPRECIATE YOUR INVITATION TO TESTIFY ON THIS IMPORTANT ISSUE OF CUBA.

I AM PROUD OF MY COUNTRY'S ROLE IN ENDING THE COLD WAR IN EASTERN EUROPE AND IN THE REPUBLICS OF THE FORMER SOVIET UNION, AND I WAS EQUALLY PROUD TO CARRY THE BANNER OF THE UNITED STATES INTO BATTLE IN KOREA WHERE, ALONG WITH THOUSANDS OF OTHER AMERICANS, I WAS AWARDED THE PURPLE HEART FOR WOUNDS RECEIVED IN COMBAT AGAINST THE COMMUNIST CHINESE.

AS A FORMER SOLDIER, AND AS A MEMBER OF CONGRESS, I SPEAK HUMBLY OF MY CONTRIBUTION TO THE DEFEAT OF INTERNATIONAL COMMUNISM. I AM ALSO A FIRM BELIEVER IN THE POWER OF DEMOCRACY AND THE AMERICAN ECONOMIC SYSTEM TO INFLUENCE CHANGE, AS WAS SO WELL PROVEN IN EASTERN EUROPE. WITH THE COLLAPSE OF THE FORMER SOVIET UNION, THE COLD WAR IS OVER IN THIS HEMISPHERE AS WELL, AND INSTEAD OF ISOLATING CUBA, WE SHOULD BE DOING OUR BEST TO HASTEN ITS FULL REENTRY INTO THE INTERNATIONAL COMMUNITY.

I UNDERSTAND MR. MENENDEZ' BILL LOOKS FORWARD TO THE COLLAPSE OF THE CASTRO GOVERNMENT AND OUTLINES PLANS FOR U.S. ASSISTANCE TO THE CUBAN PEOPLE AFTER THE FORMATION OF A TRANSITION GOVERNMENT.

IT IS OBVIOUS THAT THE CUBAN PEOPLE ARE DESPERATELY IN NEED OF HUMANITARIAN ASSISTANCE TODAY. INDEED, WITH THAT END IN MIND, I RECENTLY JOINED WITH CARDINAL O'CONNER OF NEW YORK IN APPEALING TO THE PHARMACEUTICAL COMPANIES TO CONTRIBUTE TO A HUMANITARIAN SHIPMENT OF MEDICINES AND VITAMINS IN THE WAKE OF THE HURRICANE THAT DEVASTATED THE ISLAND LAST YEAR.

I AM PLEASED TO REPORT THAT THE SHIPMENT OF 400 BOXES OF ANTIBIOTICS AND VITAMINS ARRIVED IN CUBA TWO DAYS AGO, AND WILL BE DISTRIBUTED BY CARITAS, THE INTERNATIONAL CATHOLIC RELIEF ORGANIZATION, TO HOSPITALS AND CLINICS AROUND THE COUNTRY.

LAST YEAR, I INTRODUCED A BILL THAT WOULD LIFT ALL RESTRICTIONS ON TRADE, TRAVEL AND COMMUNICATIONS WITH CUBA. IT WOULD ALSO AUTHORIZE THE PRESIDENT TO NEGOTIATE THE SETTLEMENT OF U.S. CLAIMS AND TO TAKE STEPS TO PROTECT HUMAN RIGHTS.

KNOWING CUBA'S IMPORTANCE, NOT ONLY IN THE AREA OF DRUG INTERDICTION, BUT POTENTIALLY, AS A CONTRIBUTOR TO THE ECONOMIC DEVELOPMENT OF THE REGION, I HAVE LONG BEEN DISMAYED BY OUR POLICY OF ISOLATION RATHER THAN INTEGRATION--A FEELING WHICH IS SHARED BY OUR FRIENDS IN THE REGION.

THERE ARE MANY REASONS FOR CHANGING OUR POLICY TOWARD CUBA. AS AN AMERICAN, AND AS A MEMBER OF CONGRESS, I BELIEVE IT IS MY RESPONSIBILITY TO SPEAK OUT FOR WHAT IS BEST FOR AMERICA, AS A MORAL NATION AND AS A MODEL OF DEMOCRACY AND FAIRNESS AROUND THE WORLD. IF WE WERE TO LIVE UP TO THAT STANDARD, AS IT RELATES TO CUBA, WE WOULD LIFT THE EMBARGO.

SEEKING NORMALIZATION OF RELATIONS, RATHER THAN CONFRONTATION AND ISOLATION, WOULD FIRST, TAKE US OUT OF THE INDEFENSIBLE POSITION OF CONTRIBUTING TO THE SUFFERING OF THE CUBAN PEOPLE. THERE IS NO ARGUMENT BUT THAT THE COLLAPSE OF THE CUBAN ECONOMY IS DUE TO THE FAILURE OF THE COMMUNIST ECONOMIC SYSTEM. BUT TO THE EXTENT THAT OUR EMBARGO LIMITS, TO ANY DEGREE, THE DONATION OR SALE OF FOODS AND DESPERATELY NEEDED MEDICINES AND MEDICAL EQUIPMENT, I CANNOT BE PROUD OF THAT AS AN AMERICAN.

NOT ONLY DO I SUPPORT THE PRESIDENT'S GOAL OF PROMOTING FREEDOM AND DEMOCRACY IN CUBA, I AGAIN URGE HIM, AS I HAVE IN THE PAST, TO TRY ANOTHER TACK--TO BURY THE HATCHET, AND OPEN THE DOOR TO NEGOTIATIONS, TO PERSUASION, TO A PROCESS OF INFLUENCE THROUGH MASSIVE COMMUNICATION, CULTURAL EXCHANGE, TRAVEL AND TRADE.

WE MUST NOT GIVE UP ON OUR PRINCIPLES, I ASK THAT WE FIND A WAY THAT WILL ALLOW OUR PRINCIPLES TO WORK. THIRTY-FOUR YEARS OF EMBARGOES AND BULLYING HAVE NOT.

THE PRESIDENT IN HIS WISDOM HAS TAKEN EXACTLY THAT KIND OF STEP IN VIETNAM--A BOLD DECISION TO DROP THE BARRIERS TO TRADE WITH A COUNTRY RED WITH THE BLOOD OF 60,000 AMERICAN SERVICEMEN AND WOMEN. IT WAS A STEP THAT OVERCAME NOT ONLY THE BITTER MEMORIES OF WAR BUT NEARLY TWO DECADES OF SHAME AND DESPONDENCY OVER OUR ONLY LOSS IN A MILITARY CONFLICT.

BUT IT WAS A STEP THAT WAS UNOPPOSED BY THE AMERICAN PEOPLE OR THE CONGRESS, WHO WERE GRATEFUL TO BRING TO CLOSURE ONE OF THE SADDEST PERIODS IN OUR HISTORY. IT WAS AN ACTION, TOO, THAT SIGNIFIED THE END OF THE COLD WAR IN SOUTHEAST ASIA, IN A REGION WHERE THE GREAT CONFLICT AHEAD WILL BE IN THE COMPETITION FOR ECONOMIC MARKETS

THE ADMINISTRATION HAS MADE IT CLEAR THAT TRADE WILL BE THE HALLMARK OF OUR FOREIGN POLICY. OUR MORAL GOALS FOR DEMOCRACY AND HUMAN RIGHTS WILL BE CARRIED OUT BY USING WISELY THE LEVERAGE CONTAINED IN OUR ABILITY TO IMPORT AND EXPORT AMERICAN GOODS AND INVESTMENTS BY U.S. BUSINESS.

IT IS A POLICY THAT MAKES SENSE IN AN ERA IN WHICH GLOBAL ECONOMIC COMPETITION WILL DETERMINE NATIONAL ASCENDANCY IN THE WORLD. OUR ACTIONS IN THE FORMER SOVIET UNION, CHINA, VIETNAM AND HOSTS OF COUNTRIES WHOSE GOVERNMENTS MAY BE OFFENSIVE TO US HAVE REMAINED OR HAVE BECOME ENTHUSIASTIC TRADING PARTNERS.

HOW IRONIC IT IS THAT EVEN AFTER WE RATIFIED THE NORTH AMERICAN FREE TRADE AGREEMENT, OUR TWO PARTNERS IN THAT PACT ARE DOING LUCRATIVE BUSINESS WITH CUBA, THE COUNTRY WE INSIST MUST REMAIN OSTRACIZED BY FRIEND AND FOE ALIKE.

WHILE WE TRUMPET OUR COMMITMENT TO BUILDING UP THE ECONOMIES OF OUR FRIENDS IN THE CARIBBEAN WITH CBI, WE THREATEN THEM, TOO, WITH EXCLUSION FROM FUTURE FREE TRADE AGREEMENTS, BECAUSE AS SOVEREIGN NATIONS THEY CHOOSE TO DO BUSINESS WITH CUBA.

AND WHILE WE CALL UPON THE INTERNATIONAL COMMUNITY IN THE U.N. TO WORK AS PARTNERS IN OUR GLOBAL ENTERPRISES, WE GRIMLY DISMISS THEIR CONDEMNATIONS OF OUR EMBARGO POLICY.

I WOULD NOT BE SO PRESUMPTUOUS AS TO CLAIM ANY EXPERTISE IN CUBA ISSUES; THAT IS THE JOB OF THE DIPLOMATS. BUT MY POSITION, AS EXEMPLIFIED BY THIS BILL, IS THE POSITION OF THE MANY HUMAN RIGHTS AND RELIGIOUS LEADERS IN CUBA WHO HAVE VISITED ME IN WASHINGTON SINCE I INTRODUCED THE BILL.

ROLANDO PRATS AND ELISARDO SANCHEZ, PROMINENT AND UNQUESTIONED LEADERS IN THE HUMAN RIGHTS MOVEMENT IN CUBA, THE CATHOLIC BISHOPS OF CUBA, THE PROTESTANT AND JEWISH LEADERS HAVE ALL TOLD ME THAT THE EMBARGO HURTS THEM AND IS DOING NOTHING TO PROMOTE THEIR GOALS FOR THEIR COUNTRY. I SPEAK FOR THEM IN APPEALING TO MY PRESIDENT AND TO THIS CONGRESS TO SUPPORT THEIR EFFORTS FOR DEMOCRATIC CHANGE IN CUBA.

THANK YOU.

ALCEE L. HASTINGS
23rd Congressional District
Florida

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House of Representatives
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PLEASE RESPOND TO:

☐ 1039 Longworth Building
Washington, DC 20515-0923
Telephone (202) 225-1313
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☐ 2701 W. Oakland Park Boulevard
Suite 200
Oakland Park, FL 33311
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CONGRESSMAN ALCEE L. HASTINGS OF FLORIDA
MARCH 24, 1994
BEFORE THE SUBCOMMITTEE ON WESTERN HEMISPHERE
HOUSE FOREIGN AFFAIRS COMMITTEE

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE. I GREATLY APPRECIATE YOUR EXTENDING TO ME THE OPPORTUNITY TO EXPRESS MY SUPPORT FOR HR 2758, CONGRESSMAN MENENDEZ'S LEGISLATION TO PROVIDE ASSISTANCE TO THE PEOPLE OF CUBA ONCE A TRANSITIONAL GOVERNMENT IS IN POWER.

I BECAME AN ORIGINAL COSPONSOR OF THIS LEGISLATION BECAUSE I BELIEVE STRONGLY IN ITS GOAL OF ENCOURAGING THE PEOPLE OF CUBA TO WORK TOWARDS POLITICAL REFORMS WHILE ILLUSTRATING YET AGAIN TO THE CASTRO REGIME THAT AN ECONOMIC DETENTE WITH THE U.S. IS NOT AN OPTION UNTIL THE PEOPLE OF CUBA ARE FREE.

THEY MUST BE FREE OF THE DICTATORSHIP THAT HAS STRANGLED THEM FOR SO MANY YEARS, FREE OF POLITICAL AND SOCIAL OPPRESSION, AND FREE OF AN UNWORKABLE ECONOMIC SYSTEM WHICH HAS BROUGHT RUIN TO THEIR ONCE-PROSPEROUS ISLAND

ALTHOUGH POLITICAL ANALYSTS HAVE BEEN PREDICTING THE "IMMINENT" DOWNFALL OF CASTRO FOR MANY YEARS, WITH THE COLLAPSE OF CASTRO'S COMMUNIST FINANCIAL BACKERS, TRUE REFORM MAY BE NEAR. AND WHEN THAT DAY DOES COME, WE MUST BE READY TO EXTEND TO THE PEOPLE OF A FREE CUBA OUR ASSISTANCE.

HR 2758 WILL DO JUST THAT. THIS LEGISLATION CREATES INCENTIVES FOR THE CUBAN PEOPLE TO MOVE TOWARDS POLITICAL DEMOCRACY AND A MARKET ECONOMY AND IT WILL HELP THE PEOPLE OF CUBA IMPLEMENT A DEMOCRATIC GOVERNMENT. I STRONGLY SUPPORT THIS LEGISLATION AND I THANK THE SUBCOMMITTEE FOR ITS CONSIDERATION. THANK YOU MR. CHAIRMAN.

Statement by Congressman Luis V. Gutierrez

March 24, 1994

I am pleased to testify today in support of the "Free and Independent Cuba Act of 1993."

I would like to commend my good friend and colleague Mr. Menendez for his work on what I consider to be an outstanding and important piece of legislation.

I strongly believe that by supporting and passing this legislation the Congress of the United States sends a crucial message to the people of Cuba.

We send a message that says that the United States is willing to support and work for the same democratic values for Cuba that we hold so critically dear here at home.

It is a message that says that we recognize that the desire for freedom and justice and liberty has not been extinguished within the people of Cuba simply because it is absent from its leaders.

It is a message -- and this is a very important part of that message -- that says the U.S. will respect above all else the right of the people of Cuba to self-determination and to choosing the course their future will take.

Let's be candid -- few people remain who believe that the economically crippled and morally bankrupt regime of Fidel Castro can survive indefinitely.

Yet, instead of taking action now, to prepare to help the people of Cuba with their transition away from a Communist government, we struggle, and debate, and wait to decide how our nation can best help.

I believe this legislation helps to replace debate with action, to replace indecision with bold steps toward helping the people of Cuba achieve the freedom and independence we value so much.

This legislation says that our nation should move aggressively to help Cuba by aiding any transition government with emergency relief

assistance, committing to help further with long-term assistance to any democratic government in Cuba.

It achieves these goals in several important ways.

Others have and will catalogue the manner in which this assistance will be given to the people of Cuba.

Through a combination of loans, guarantees and assistance from such agencies as the Export-Import bank, the Trade and Development Agency, the U.S. will move aggressively to be a full partner in Cuba's transition to democracy.

More importantly, this legislation assures that the U.S. will be <u>no more than a partner.</u>

At the heart of the "Free and Independent Cuba Assistance Act" is the recognition of and respect for the self-determination of the people of Cuba.

The U.S. should not in any way dictate to the people of Cuba what their future will be.

Only the people of Cuba can make that decision.

But as the economy of Cuba continues in freefall -- it has declined almost 50 percent in the last three years -- as Castro continues to ignore the winds of change that have swept the world and refuses to loosen restrictions on freedom of expression, a change is inevitable in Cuba.

And our nation should make absolutely clear that we are prepared to be partners in that change.

That when the people of Cuba begin their move toward democracy, that they will not do so in isolation.

That the leaders of our nation will stand with them during their transition, stand with them as they work to build the infrastructure of democracy.

And let's be honest -- it is also in the best interests of our nation to work to support a free and independent Cuba.

A free and independent Cuba enhances U.S. security, helps to promote political stability and harmony in the western hemisphere and can eventually be of economic benefit to all of the people of our region.

In the past years, the U.S. has stood with the people of Poland and Germany and Ukraine and Russia as they have struggled for freedom, democracy and independence.

The Free and Independent Cuba Assistance Act says only that we will work to take the same steps right here in the western hemisphere.

I firmly believe to do otherwise would be a grave mistake.

I wholeheartedly urge the members of this committee to support this important initiative.

Thank you again for the opportunity to testify today.

Statement by Congressman Lincoln Diaz-Balart before the Subcommittee on Western Hemisphere Affairs of the Committee on Foreign Affairs U.S. House of Representatives March 24, 1994

Thank you, Mr. Chairman, for the opportunity to testify before the Subcommittee on Western Hemisphere Affairs with regard to "The Free And Independent Cuba Assistance Act."

The Cuban people know more than anyone else about the great importance of the U.S. trade embargo against the Castro dictatorship

They know that the trade embargo maintained by the U.S. against the brutal dictatorship that has oppressed Cuba for thirty five years is a manifestation of solidarity with the people of that suffering island, intended to assist that people in obtaining its freedom.

And they know that the lifting of the trade embargo at this time, without demanding free and fair internationally supervised elections, would constitute a great victory for the dictatorship and a humiliating defeat for the Cuban people.

I am here today to wholeheartedly and strongly support "The Free and Independent Cuba Assistance Act" sponsored by my good friend from New Jersey, Congressman Bob Menendez. I am grateful to Congressman Menendez for the opportunity that he gave me during the time that he was drafting the legislation to comment upon it and to make suggestions concerning it.

The Menendez bill, when it becomes the Menendez law, will make an important contribution to U.S. policy towards Cuba.

The Menendez bill clarifies that the United States strongly

supports the right of self determination of the Cuban people, and just as importantly, that the United States will strictly adhere to a policy of total respect for the sacred independence and sovereignty of the Republic of Cuba.

With that in mind, the Menendez bill commits the United States to renegotiate with the future democratically-elected government of Cuba, the terms by which the Unites States retains the naval base at Guantanamo, with the goal of improving the terms of the lease for the Republic of Cuba or returning the base to the Republic.

The Menendez bill makes it amply clear to the Cuban people in multiple ways, that the United States stands ready to assist them in reconstructing their country from the ashes of the nightmare of the total destruction brought to Cuba by the tyranny of Castro.

It is important to remember that, in 1959, as the U.S. Principal Deputy Assistant Secretary of State for Interamerican Affairs, Mr. Michael Skol, testified last week, Cuba's per capita Gross National Product was equal to that of Italy's.

It is also important to remember that until Castro took power in Cuba, the Cuban people were not an emigrant people. Anyone who wanted to leave Cuba could do so voluntarily, and , in fact, any Cuban who sought to obtain an immigrant visa to the United States was eligible for it. The Cuban national currency, the Peso, was equal in value to the U.S. dollar and was fully convertible and exportable. Cubans as a whole, however, invested and kept their funds in Cuba.

All that and much more was accomplished by the Cuban people

during the years of the Republic without foreign assistance and before The Alliance for Progress, the Interamerican Development Bank and the other vehicles for financial assistance were developed in the years subsequent to the collapse of the Cuban Republic.

Mr. Chairman, the Cuban people know all too well the tragic state of the Cuba of today. Despite the delivery to Castro by the Soviet Union of almost 100 Billion dollars in aid (as Secretary Skol pointed out, about $ 700,000.00 per hour for 30 years,) the economy is absolutely and totally destroyed. In addition, the people are oppressed in a manner unparalleled in the history of the Western Hemisphere. Acts of repudiation are common, political prisons are full, it is a crime even to leave one's own country, tourism apartheid reigns, and only the dollar is sought as tradeable currency within Cuba.

But the opposition of the Cuban people to the dictatorship is overwhelming and there is a profound national consensus against Castro. Despite the efforts of those who seek to help Castro, either by investing in the tourism apartheid of today, or by providing the dictatorship with oil, or by seeking to lift the U.S. embargo, the Cuban people will soon be free of their totalitarian nightmare, and the reconstruction of Cuba will begin.

Wisely, the Menendez bill leaves no doubt that the United States stands ready to lift its trade embargo as soon as the Cuban people are free, and that the U.S. looks forward to enthusiastically assisting the Cuban people in their inevitable economic reconstruction within freedom, democracy and the Rule of law.

Thank you, Mr. Chairman.

U.S. ASSISTANCE TO A POST-CASTRO CUBA
ALEXANDER F. WATSON
ASSISTANT SECRETARY OF STATE
FOR INTER-AMERICAN AFFAIRS
SUBCOMMITTEE ON WESTERN HEMISPHERE AFFAIRS
OF THE HOUSE COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
MARCH 24, 1994

Mr. Chairman, thank you for this opportunity to discuss H.R. 2758, the "Free and Independent Cuba Assistance Act of 1993." The bill strikes an important, forward-looking note. We fully support its objective to facilitate a peaceful transition in Cuba from a totalitarian to a democratic form of government. I am also pleased to have my first opportunity to speak directly to the people of Cuba through the good offices of Radio Marti.

We agree with the intent of the authors of H.R. 2758 to look beyond the end of the current repressive regime, and to articulate ways to build trust and confidence between the United States and the people of Cuba. Such steps could hasten democracy's return to Cuba and, in this sense, H.R. 2758 is a welcome parallel and extension of the Cuban Democracy Act, or "CDA."

As demonstrated by the CDA's passage just 18 months ago, the Congress and this administration are of one view regarding Cuba. Our current policy consists of two tracks, as called for in the Act. The first track is continued strong enforcement of

a comprehensive economic embargo on Cuba until such time as there are democratic reforms and respect for human rights. With the second track, we are reaching out to the Cuban people through expanded telecommunications, an increased flow of information and private humanitarian assistance.

Under the terms of the CDA, the federal government has licensed more than 8.5 million dollars worth of humanitarian donations to non-governmental organizations. We support and are working with numerous responsible groups interested in delivering aid licensed by Treasury to individuals and non-governmental organizations in Cuba. Federal agencies are streamlining procedures further. We would like to see even more private aid reach the Cuban people. We are seeking ways to increase the flow of information, and hope soon to see "efficient and adequate" telecommunications with Cuba, as the CDA calls for.

The Cuban people, I believe, know that their best friend is the United States. We will continue to help them in their search for freedom and prosperity. This emphasis on directly helping the people of Cuba presages the interest we will take in assisting their efforts during the transition from the current regime and in becoming a friend and ally of a future, democratic Cuba.

Let me provide the administration's comments on H.R. 2758. We share your desire to see the Cuban people exercise their right to determine their country's future. The choice of their leaders, as the bill notes in Section 3, is exclusively theirs, to be made "free of interference by the government of any other country" in the privacy of a voting booth. Sadly, this choice has been denied them for over 35 years. We look forward to the day when the human rights of the Cuban people are respected, and when they are no longer prohibited from voicing their opinions about their government.

The bill accurately outlines the economic disaster that the current regime has imposed on Cuba. A free market economy would reduce the current physical suffering of the Cuban people and help restore their dignity. Despite their island's enormous agricultural potential, Cubans have for over 30 years suffered the indignity of a food ration card. It is incomprehensible that Cubans cannot find fresh fruit or even sugar to buy. It is insulting to the Cuban people that simple consumer goods are solely available in stores that only accept the currency of foreign countries. We believe that once the creative talent of the Cuban people is unleashed in a free market setting, prosperity will soon return to their country.

With this in mind, I was particularly struck by Section 4g of the bill, which asks that the President communicate to the Cuban people U.S. plans for assistance. The Cuban people should know that the U.S. government and the American people will be ready and willing to help them get back on their feet once they are freed from the political and economic ruin of more than three decades of socialized mismanagement. We are their neighbors, and their friends, and they can count on us.

That said, Mr. Chairman, no one knows when change will come to Cuba, nor what condition the country will be in once it starts to make its inevitable transition towards democracy. It would be difficult to develop a comprehensive plan of assistance now without knowing what Cuba will need, what sorts of assistance a democratic government of Cuba will ask us for, or when it will make that request. For these reasons, we would prefer not to tie ourselves to a specific plan now, but would rather be ready to use all of the tools available to us in what is sure to be a rapidly evolving situation.

Mr. Chairman, as you are aware, the Administration has submitted to Congress the Peace, Prosperity and Democracy Act, which substantially revises and updates the Foreign Assistance Act . This proposed legislation recognizes the need to revise the decades-old origin of our foreign assistance legislation and would provide the greater responsiveness and accountability

needed to advance the core issues of US foreign policy in a constantly changing world. We live in a much-changed, post-cold war world. We need flexibility to promote our economic, security and democracy interests. Particularly relevant for our conversation today is a subchapter in the Administration's new legislation concerning programs for "countries in transition." This section of the legislation reemphasizes our commitment to "promote the development of functioning democratic institutions and political pluralism" and "address political, economic and humanitarian needs that arise in connection with transitions" throughout the world.

We believe the countries in transition authority provisions in our proposed legislation would address many of the issues covered by the bill being considered today and would provide statutory authority to govern the provision of assistance to a transitional Cuban regime. An important feature of the proposed legislation is that it would enable the President to develop and carry out effective policy responses to unpredictable and fast changing situations -- just the kind of situation we may face in Cuba. As we prepare to work with the Congress on these issues in connection with the Peace, Prosperity and Democracy Act, or "PPDA," we also want to work with this subcommittee so that when the PPDA becomes law, we can support additional country-specific legislation that is consistent with and makes use of the authorities of the PPDA. In addition, we will want to work with you on legislation

to overcome restrictions on U.S. dealings with a post-Castro Cuba in areas other than the provision of foreign assistance. Some issues we may wish to consider would include statutory sanctions on countries that export Cuban-origin sugar to the U.S., restrictions on authority to enter into trade agreements and making a transitional Cuban government eligible for Caribbean Basin Initiative benefits.

Change is coming to Cuba. However it happens, it will have a profound effect on the United States. As we work towards our common goals, we value continuing consultations between the administration, members of Congress, and congressional committees regarding U.S. policy towards Cuba. The Administration wishes to continue to work with Congress as we seek ways to build even more bridges to the Cuban people now, through private humanitarian assistance and an increased flow of information. This cooperation will be even more important once the Cuban people are free.

STATEMENT OF THE HONORABLE MARK L. SCHNEIDER
ASSISTANT ADMINISTRATOR OF THE
BUREAU FOR LATIN AMERICA AND THE CARIBBEAN
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
BEFORE THE
HOUSE COMMITTEE ON FOREIGN AFFAIRS
SUBCOMMITTEE ON WESTERN HEMISPHERE AFFAIRS
MARCH 24, 1994

Mr. Chairman, it is a pleasure to be able to participate with Assistant Secretary of State Watson in today's hearings on the proposed Free and Independent Cuba Assistance Act.

The United States Agency for International Development looks forward to the time when there is a free and independent Cuba with a democratically elected government. We stand ready, when that time comes, to join the international community in delivering a comprehensive program of sustainable development assistance that will directly benefit the Cuban people.

Support for a free and independent Cuba is clearly in the interest of the United States and its neighbors. The time is long overdue for a democratic Cuba to become an active development partner in the Western hemisphere. The Cuban people deserve the rights guaranteed in the international human rights covenants, the right to decide how they are governed and by whom in full, free and fair elections, the right to speak their minds, to publish, to organize, to choose their occupations, and to raise their children in an atmosphere of freedom that encourages them to reach their full potential. We anticipate the day when Cuba can join us in the Western Hemisphere's community of democratic nations.

THE SITUATION IN CUBA TODAY

For obvious reasons, we have not yet started to prepare any specific program of assistance for Cuba. However, we are trying to keep abreast of the rapidly changing circumstances in Cuba so that, as this legislation proposes, we can be poised to respond to humanitarian and development needs when the time comes. A little over a year ago the Office of Research of the Department of State and the Bureau for Latin America & the Caribbean of USAID commissioned the Cuban Research Institute of the Latin American and Caribbean Center at Florida International University to give us a snapshot of current economic and social conditions and the general political environment. Those reports have been made available to the Subcommittee.

Florida International University drew together a group of 13 distinguished researchers who have been following developments in Cuba closely over many years -- among them Jorge Dominguez, Sergio Diaz-Briquets, and Carmelo Mesa Lago -- to provide us with their best insights into current developments in Cuba and prospects for the future.

By prior design, the study stopped short of making any specific recommendations for U.S. economic assistance to Cuba. However, it did provide a number of valuable insights on the current situation in Cuba. It forms the basis for what will be a valuable data base as we prepare for the time when the U.S. government might be in a position to be an active partner in supporting sustainable development in Cuba.

Let me summarize briefly some of those studies.

Politically, Cuba remains a closed society without access to fundamental due process and democratic guarantees. Despite the internal restricted elections, there are total prohibitions against pluralistic democratic institutions. A number of human rights and dissident groups exist but they have faced repression and their leaders' imprisonment. Basic political and civil rights -- including freedom of expression, association, assembly, and movement -- are, in large measure, denied by the government.

The studies also confirm that Cuba is in the midst of an unparalleled economic crisis precipitated by the break-up of the Soviet Union. The Soviet Bloc accounted for 85% of Cuba's foreign trade until 1989. The Dominguez study estimates that, between 1989 and 1993, Cuba's Global Social Product (GSP) declined between 50-60 percent, imports declined from $8.1 billion to $1.7 billion; and from 1989 to 1992 oil imports dropped from 13.3 million tons to 6 million tons. In 1993 Cuba had an external debt of $7.8 billion with exports registered at $2.3 billion and is in default on most of its debt obligations. Shrinking foreign exchange and drastic reductions in investment have squeezed production and capital formation.

The Diaz-Briquets study indicates that shortages of fuel and other inputs have led to a complete or partial shutdown of numerous industrial plants, that thousands of tractors and trucks lie idle, and that public transportation has been significantly reduced. The Mesa Lago study estimates that open unemployment, registering at 6% in 1988, increased in 1992 to somewhere between 10% and 18%.

The Castro regime has taken some limited steps to attract outside investment, to promote tourism and high-tech medical services for foreigners, to permit dollars to circulate within the internal economy, to permit limited self-employment, and to convert

state-owned farms to semi-private co-ops. However, there is no evidence to date to suggest that these steps will be sufficient to reverse the deterioration in Cuba's economy.

Once there is a transition in regimes and a complete lifting of rigid state controls on economic life, there are hopes for a reversal of the economic decline.

These studies also reaffirmed that, prior to the collapse of socialism in Eastern Europe and the Soviet Union, Cuba had an infant mortality rate variously estimated between 11 and 14 per 1000, that life expectancy averaged 75 years, and that adult literacy was 96%. Cuba has universal primary education, 88% of eligible students are enrolled in secondary school and 23% at the tertiary level.

These levels have been made possible by one of the most costly social safety nets in the world, highly subsidized by the former Soviet Union. Social expenditures in education, health, and social security were estimated at between 22% and 24% of GSP in 1992.

There are, however, indications that the safety net has eroded. Carmelo Mesa Lago, in his contribution to the Cuba in Transition study, indicated that a number of key drugs are in short supply. He also indicated that there is a lack of spare parts for medical equipment, ambulances and water pumps; and fuel shortages resulting in power blackouts. Supply limitations, according to this study, even resulted in insufficient paper in classrooms.

Finally, there are some indications that food shortages may be leading to increased malnutrition. The Cuban government's refusal to adopt reforms such as the free farmers' markets has contributed to this situation.

A recent CARE Canada report quotes UN statistics to the effect that there are increasing cases of infants born with low birth weight and iron deficiencies in pregnant mothers. The Mesa Lago study estimated that the daily caloric intake of the average Cuban has declined from an average of 3,100 calories in the mid-1980s to 2,800 in 1989 and 2,000 in 1992, the latter very close to minimum standards set by the World Health Organization.

It should be noted that the epidemic of optic neuropathy, which took place between 1992 and 1993, was responded to by medical experts from the UN, PAHO, the Center for Disease Control, and our National Institutes of Health. Although the incidence declined after extensive distribution of vitamins, no single definitive cause was identified for this epidemic.

NEXT STEPS

The Florida International University studies are an important start in providing an information base to determine future humanitarian needs. Obviously, this information needs to be updated continually. That data base will be essential to permit us to design appropriately targeted assistance programs.

I am pleased to report that our Administrator, Brian Atwood, has requested that we network with the many think tanks, universities, international organizations and other agencies that are examining developments in Cuba. We will be reaching out to the distinguished scholars who participated in the Florida International University study and others to keep informed on developments in Cuba.

We already have begun establishing contacts with the large number of U.S. nongovernmental organizations that are already providing food, medicines and medical supplies to nongovernmental organizations and private citizens in Cuba under the Cuban Democracy Act (CDA).

Since the passage of the CDA, the Federal Government has licensed more than 8.5 million dollars worth of humanitarian donations to non-governmental organizations, over 60% in the past six months. Catholic Relief Services, a nongovernmental organization with whom we have worked closely for many years around the world, is providing assistance to CARITAS/Cuba under this program. Existing ties with organizations such as CRS will facilitate, when the U.S. government is authorized to provide direct assistance to a transitional government in Cuba and to Cuban nongovernmental organizations, USAID's ability to rapidly initiate a substantial program of humanitarian assistance to Cuba.

I would like to indicate our strong support and commend the subcommittee for the policy direction provided in the proposed Free and Independent Cuba Assistance Act. It draws our attention to the importance of coming up with a strategy and plan of action for addressing Cuba's needs at the time at which there is a transitional and eventually a democratically elected government in Cuba.

As you know, USAID and the U.S. government have embarked on a new venture under the Foreign Assistance reform legislation--the Peace, Prosperity, and Democracy Act (PPDA). In this effort, we are working closely with Congress to establish the objectives of our foreign assistance programs.

The PPDA provides specific authorities for addressing crises situations such as those potentially posed by Cuba. Under Title IV, Humanitarian Assistance, authority exists for the Administration to provide humanitarian assistance in the event of natural and manmade disasters. In a transitional situation, authority under Title II, Building Democracy, could be used on a short-term basis to strengthen democratic groups and institutions, such as providing election assistance and human rights promotion. Finally, under Title I, Sustainable Development, assistance could be made available as part of a long-term package of sustainable development assistance to a democratic Cuba.

We look forward to consulting with the Congress on precisely how we can use the authorities of the Peace, Prosperity, and Democracy Act as our guiding framework for actually designing and carrying out an assistance program for Cuba.

At the time at which we prepare to initiate a program in Cuba we fully intend to consult with Congress. We look forward at that time to consulting with Mr. Menendez and other members of your subcommittee on the parameters of our proposed assistance program to Cuba, and how to best meet these emergency needs.

Mr. Chairman, after 35 years we may finally be approaching the transition to freedom in Cuba in which the people of Cuba will have the right to chart their own democratic future. The U.S. must be prepared to accompany them on that journey.

Thank you.

TESTIMONY OF THE HONORABLE OTTO J. REICH

BEFORE THE COMMITTEE ON FOREIGN AFFAIRS

SUBCOMMITTEE ON WESTERN HEMISPHERE AFFAIRS

H. R. 2758: "THE FREE AND INDEPENDENT CUBA ACT OF 1993"

MARCH 24, 1994

Otto J. Reich is a Partner and Director of the Brock Group, a Washington-based international trade and investment consulting firm. He is Vice-Chairman of the Americas Program of the Center for Strategic and International Studies. From 1986 to 1989 he was United States Ambassador to Venezuela; from 1983 to 1986, Special Assistant to the Secretary of State; and from 1981 to 1983, Assistant Administrator of the U.S. Agency for International Development in charge of the Bureau for Latin America and the Caribbean.

TESTIMONY OF THE HONORABLE OTTO J. REICH
BEFORE THE COMMITTEE ON FOREIGN AFFAIRS
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H. R. 2758: "THE FREE AND INDEPENDENT CUBA ACT OF 1993"
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Mr. Chairman and distinguished members of this Committee: Thank you for extending this invitation to me to address U.S.-Cuba policy and this legislation's role in fostering economic opportunity benefiting both countries.

H.R. 2758 deserves support because, unlike recent proposals to unilaterally lift the U.S. embargo against Cuba, this legislation recognizes the need to condition U.S. assistance to Cuba on fundamental economic as well as political reforms by a new Cuban government. Building on the conditions set forth in the Cuban Democracy Act of 1992, this legislation would ensure that the U.S. Government will not offer an undeserved lifeline to the current Cuban government.

What this legislation calls for -- the establishment of specific conditions for the resumption of U.S. trade and assistance programs to a future Cuban government, including respect for human rights, free elections, civil liberties and market-oriented economic reforms -- will encourage movement toward democracy on the island and development of mutually-beneficial economic ties. It will do so by reminding the present government of Cuba of its obligations under international law on issues such as property claims, labor freedom and other key concerns.

If the proper conditions are created, there is ample reason to believe that Cuba could once again be a leading economic performer in the Western Hemisphere, providing rising living standards for Cuban citizens and boundless opportunities for domestic and international investors. One need only recall that pre-Castro Cuba was always in the top three in per capita GNP and socio-economic indicators in Latin America. The roughly $3.27 billion in foreign direct investment in pre-Castro Cuba would represent more than $14 billion today [in 1990 dollars]. More

impressively, in relation to current GDP, that pre-Castro figure would be closer to $30 million today because of the growth in the population.

In spite of 35 years of Marxist mismanagement, Cuba still has a base of viable industries, including tourism, sugar, citrus, mining and tobacco which can attract foreign investment and fuel economic revival. And more than 50 percent of Cubans on the island are in their peak productive years between the age of 15 and 45.

Yet, as with any transition economy, no amount of bilateral or multilateral assistance will be sufficient to improve domestic living standards and allow Cuban citizens to share in the benefits of market-oriented growth unless a new Cuban government provides a welcome environment for private enterprise, trade and investment.

The stark contrasts in the economic performance of former Soviet bloc nations reaffirm this important lesson. The Czech Republic, for example, transferred some 30,000 businesses worth over $20 billion to private hands and attracted some $1.25 billion in foreign investment last year. Russia and Ukraine, on the other hand, have squandered scarce resources on subsidies to money-losing state enterprises and avoided legal and institutional reforms which would attract foreign investment.

For Cuba this lesson is particularly important because Cuba's resources and infrastructure are in such bad condition as to prevent rapid economic recovery. For example, Cuba's hard currency reserves have dwindled to an estimated $10 million. That barely matches the signing bonus that Cuban-born first baseman Rafael Palmeiro received from the Baltimore Orioles last month! The island nation's GDP has shrunk by more than 50 percent since 1989 and Cuba had less than $2 billion in foreign exchange revenues last year to use for the purchase of imports, compared to some $8 billion in 1989. Understandably, Euromoney's latest country risk guide now ranks Cuba below Somalia as the world's worst investment risk.

The reason for Cuba's relentless economic decline is simple. The Castro government has failed to provide the most basic freedoms and incentives necessary for domestic enterprises to grow and people to work.

Much press attention has been paid to measures implemented last August by Cuba's Council of State which allow Cuban citizens to hold dollars, and spend them -- but effectively only in government-run stores (Decree Law 148) -- and to decriminalize self-employment for citizens in

several non-professional trades (Decree Law 141).

Less public attention has been devoted to Cuba's recent reversal of these limited reforms. After listening to Fidel Castro rail against free enterprise ("I loathe capitalism") at a December 28 meeting of the National Assembly, the rubber-stamp forum trimmed the list of permitted self-employment categories, banned the creation of private restaurants and prohibited unofficial taxis from visits to airports or hotels. Subsequent meetings to address reform measures have been canceled. Cuba may be the only place left on earth where military checkpoints are established to keep farmers who "moonlight" from taking their meager crops into major cities.

Cuba's successful transition from communism to democratic capitalism will require major economic, social and legal restructuring. Entrenched bureaucracies and the lack of due process, contract sanctity and private property rights are among the formidable challenges which will confront a new Cuban government.

Only with the onset of fundamental economic as well as political reforms by a new Cuban government can U.S. trade and assistance programs to the island contribute to a solid and enduring foundation for economic recovery. This is but one reason to support H.R. 2758.

Progress on basic economic and human rights and prospects for economic development in Cuba are inextricably linked. The lack of basic labor rights in Cuba clearly demonstrates this linkage. The absence of protection for even the most basic workers' rights in Cuba ensures that prospective investors in Cuba cannot establish stable commercial operations on the island.

The International Labor Organization has cited Cuba for violations of ILO conventions (to which Cuba is a signatory) including: the use of forced labor [Convention No. 29 and 105]; denial of freedom of association and the right to organize [Convention No. 87]; employment discrimination [Convention No. 111]; and arrest of independent trade union members without a warrant, due process or grounds for conviction. The arrest of independent trade union movement leader Rafael Gutierrez last year marked the beginning of yet another crackdown against workers'-rights activists on the island.

Even if one were to cast aside political risk, human rights and labor concerns, several indispensable conditions must prevail for U.S. aid

programs and U.S. businesses and investors to foster Cuba's economic reconstruction. H.R. 2758 would require that a democratic government in Cuba "is moving toward establishing" a market-oriented system and an independent judiciary. Several benchmarks for measuring progress toward these necessary conditions for a successful U.S. economic re-engagement with Cuba come to mind:

Rule of Law, Contract Sanctity and Due Process. The Constitution of the Republic of Cuba enables the state to monopolize foreign trade and impose extensive administrative controls on joint venture partners and workers. More fundamentally, the ability of actions by the Communist Party apparatus to supersede commercial and legal arrangements subjects foreign investors to arbitrary actions and denies access to dispute resolution through an independent judicial process. In practice, the only mechanism for resolving contract disputes available to a foreign entity may be recourse to a Cuban forum accountable only to the party and state.

Protection of Property Rights. Cuban laws prohibit private Cuban ownership and investment and provide no constitutional or statutory protection to foreign investors against expropriation without due process and compensation. The Cuban Constitution vests in the government complete control over ownership of all "fundamental means of production," (Article 14).

Respect for property rights is a particularly important factor in the case of Cuba because the confiscation of properties owned by U.S. companies and individuals worth $2 billion (in 1962 dollars) was a primary factor in the decision to implement the embargo. U.S. claims alone now total some $5.6 billion (including 6% simple interest). By contrast, U.S. claims of some $230 million against Vietnam amount to less than Vietnamese assets frozen in the U.S.

Prospective investors in Cuba should also note that joint venture deals offered by the Castro regime involve properties confiscated without compensation or due process from U.S. and international entities. The U.S. government has officially warned any potential investor in these properties that they may be acquiring what amounts to stolen property.

Secure Money and Capital Repatriation. Cuba subjects foreign investors to the prospect of severe financial exchange losses when converting investments into the domestic currency. Unlike Vietnam, for example, Cuba lacks equity commercial or foreign banks, and legal provisions for a stock exchange are not established.

Independent Operation of Enterprises. Cuban as well as foreign enterprises on the island are denied the freedom of contracting with employees, customers and suppliers. Pursuant to Article 18 of the Constitution (as amended in July 1992) the Cuban government has sole direction and control over all foreign trade activity. There are no wholly-owned foreign enterprises in Cuba and shares of joint-venture entities are not freely transferable. All joint ventures require prior government approval and are subject to management control in the Cuban party.

Consistent and Uniformly-applied Commercial Laws. Before Castro, Cuban law provided equal protection to domestic and foreign investors to possess properties and engage in any form of industry and commerce. The current Cuban government's tendency to implement sudden policy shifts, as well as ambiguous joint venture laws leaving foreign investors at the mercy of arbitrary government actions, discourages foreign investment and domestic enterprise.

Given Cuba's proximity and strong legacy of cultural and economic ties, U.S. firms have a special interest in building commercial relations on a solid foundation. That will require association with a prosperous market-oriented future rather than a painful and stagnant past.

By establishing a clearly-defined set of conditions on U.S. assistance, this proposed legislation will encourage a transitional Cuban government to allow Cuban citizens to work and produce and to institutionalize fundamental democratic and market-oriented reforms. Conditions on U.S. assistance to Cuba established in H.R. 2758 offer valuable guidelines for U.S. policymakers seeking to assist in the development of a prosperous market-oriented and democratic Cuba.

I especially support, Mr. Chairman, the emergency assistance provisions of this legislation. This measure calls on the President to develop a plan to provide food, medicine and other emergency assistance to a transition government after a determination by the President that such government is in power [Sec. 4. (a) (1)]. Based on my previous experience of eight years in government, I fear that we are not fully prepared for all the contingencies possible in Cuba.

Given the potential for immediate and dramatic change on the island which could imperil Cuba's development prospects and have a profound impact on the Southeastern region of the U.S., I agree with you that there is a pressing need to develop comprehensive contingency plans to deal

with the prospect of a sudden transition on the island.

U.S. policymakers must be prepared to contend with a wide variety of possible transition scenarios. Cuba's economic implosion could spark spontaneous demonstrations, food riots or popular revolt. Uneven application of "reforms' in Cuba and the disappearance of benefits for Castro's inner circle could prompt officials in the Cuban military or other institutions to take sudden action against the current leadership. Castro could attempt to mitigate growing domestic frustration and resentment toward his regime by orchestrating a massive wave of emigration.

Regardless of how change occurs on the island, the U.S. government must be ready. It may be that such planning regarding Cuba is complete; but if it is not, delays in implementation could be costly in terms of lives and treasure.

As the current regime in Cuba steadfastly adheres to policies grinding the island nation into a subsistence economy, with each passing day the economic challenges for a new transitional government continue to grow. Cuba's infrastructure will require costly modernization to provide even the most basic human services. Housing, food and medical supplies in Cuba are already alarmingly scarce.

Executive Branch agencies such as USAID and the Defense Department could provide a timely and important contribution to U.S. policy by immediately developing plans for emergency assistance to a transitional government in Cuba and submitting reports to the appropriate congressional committees as soon as possible. Such reports could provide guidance on key issues such as: coordination of private voluntary organizations to assist in the operation of emergency relief programs; use of military transport and logistical support in executing emergency programs; the role of Cuban-American community groups in mobilizing relief and technical assistance programs; facilitating U.S. business involvement in Cuba's reconstruction; focusing U.S. aid on crucial industrial needs (including sugar refining equipment, farm machinery, fertilizer, oil and spare parts); and strategies for accelerating U.S. funding and delivery of aid programs.

Finally, Mr. Chairman, it is my opinion that when a stable, democratic and market-oriented Cuba opens the door to competition and commercial opportunity, U.S. companies will be second to none in providing goods and services to this market, 90 miles from our shores, of 11 million people eager to obtain familiar U.S.-brands. In fact, Cuba could

provide more significant trade and investment opportunities than any other former Soviet bloc nation. It is likely that Cuban-Americans will lead the revival, since the GDP of the million-and-a-half Cuban emigré community is now about three times larger than the GDP of the 11 million population left on the island.

This proposed legislation lays the groundwork for Cuba's economic recovery by focusing the attention of the United States and other international resources in the proper direction, one in which individual initiative will replace collectivism; where private enterprise replaces state control; and where economic and political freedom replaces central planning and the totalitarian controls which accompany it.

Thank you again, Mr. Chairman, for giving me this opportunity to express my views on this important legislation.

PREPARED STATEMENT OF Sergio G. Roca
Professor of Economics
Adelphi University
before the
Subcommittee on Western Hemisphere Affairs
Committee on Foreign Affairs
U.S. House of Representatives
Washington, D.C.
March 24, 1994

Good morning, Mr. Chairman. I am honored to be invited to provide testimony before this body on the topic of Cuba. I have been studying the Cuban revolution, especially the economy, for thirty years, since my senior year in college. I was born in Havana, left the island in May 1961 and have returned four times, most recently in May 1991, for research and lecturing purposes. My scholarly record is available for your perusal in the enclosed short version of my curriculum vitae.

On the whole, I think that H.R. 2758 constitutes an important contribution to the development of U.S. policy toward Cuba, seeking to assist the island in a smooth and peaceful transition to a democratic and market-oriented society. This bill breaks new ground and is forward-looking in several ways: provision for even-handed treatment of individuals and entities seeking to form a future government, proposal to return Guantanamo Base or renegotiate the existing agreement, provision for assistance to Cuban military, and the allowance of sufficient time for the holding of free and fair elections. All of the above represent a welcomed change in direction in that it attempts to provide some minimum level of incentives for the potential actors in the transition process.

However, I must express some concerns with several underlying assumptions and some reservations about the effectiveness of the bill in advancing its own objectives. These comments are made from the perspective of a professional economist and Cuba expert and will likely differ from the viewpoint of the elected public official.

First, this bill provides "for assistance to the people of Cuba once a transitional government is in power...". My point is: can something be done to nudge the process along, to attempt to facilitate change? This bill, though forward-looking in its intent, remains reactive in its nature. I would argue for some degree of pro-active U.S. policy toward Cuba, even in modest ways such as increasing human contacts (academic, cultural, scientific, sports exchanges); expansion of family visits to and from the island; provision for advanced study for Cuban university graduates; and increased telephone communications. I do not expect seismic changes to result from these interactions, but I am convinced that the long process of transitional change is greatly facilitated by them. More on the length of transition below under point number 3. [I also believe that the elimination of the food and medicine provisions of the U.S. embargo would shorten the time of suffering of the Cuban people by hastening the demise of the current regime.]

Second, some of the findings in section 2 require update and may be expanded upon briefly. Most analysts outside the island

estimate the total loss of Cuba's output or income at around 50 percent since 1990, with a high figure of 60 percent recently suggested by Andrew Zimbalist of Smith College. In 1993, the government's budget deficit of 4.3 billion pesos represented about one-third of national output. The equivalent ratio for the U.S. would mean an annual budget deficit of around $1.5 trillion. Two-thirds of state enterprises operate at a loss and must be subsidized, including the total stock of 158 sugar mills and surrounding sugarcane farms. The basic monthly per capita food ration includes only four pounds of rice and four eggs. I agree that absent substantive economic reform the Cuban economy will not improve in any significant way.

Third, in differing somewhat from finding number 4, I must emphasize the lengthy nature of the transitional process. I agree that Castro and his close associates have been reluctant, indeed recalcitrant, to engage in substantive reform, but nevertheless economic reform has proceeded along from conditions existing in 1990, if slowly and with many limitations and severe restrictions. The process of economic reform in Cuba will be long and difficult, just like the ones that transformed the former Soviet Union and Eastern Europe and unleashed the great changes in the Chinese economy. In a massive volume (The Socialist Economy) Hungarian economist Janos Kornai has carefully analyzed the process of deterioration and collapse of the centrally-planned economies of Europe, a slow and tortuous road filled with false starts and dead ends that ultimately builds up enough pressure in the system to provoke its demise.

I believe that Havana started on the road of economic reform in 1990 in response to the disappearance of the socialist bloc. Cuban economic reform is on track but the gestation period is measured in years: four to five years from now to the point of transition to a market-oriented system. Along the way, detours and retrenchments will be common. Advancements will be difficult to fashion among the many factions competing for resources and power. Successful reforms will have to be defended against entrenched interest groups.

In the island there is now an ongoing internal economic debate between two opposing camps: those who recognize the need for financial stability only and those who argue for macroeconomic stability plus subsequent comprehensive economic reforms. According to Cuban participants in the debate with whom I recently talked, among the topics under consideration are changes in the forms in which production is organized, changes in the system for resource allocation and changes in the process of income distribution. These Cuban economists understood very clearly that the implications of such deep economic reforms, if enacted, would be to shift the role of the government in the economy from central control to management by indirect tools or means, and to insure an equitable income distribution.

At the meetings of the National Assembly of People's Power in December 1993, there was an open (almost wild) exchange of views on economic policy between Castro and Finance Minister Jose Luis

Rodriguez that may be taken as a reflection of the ongoing internal debate over what to do with the economy. Among the topics reviewed were the imposition of an income tax, the termination or reduction of government subsidies to state enterprises, and the need to reduce the money supply. A few years ago the explicit discussion of market-type, indirect tools of economic management was anathema in Cuba's public political discourse.

In sum, my basic point in this extended section is to argue that the process of economic reform in Cuba has already started, even against the wishes and contrary to the efforts of Castro. The reform process is autonomous, responds to the systemic imbalances pressuring the island's economy, and is imbued with a dynamic force that carries it forward and extends its domain. To illustrate: Gillian Gunn has referred to foreign investment in Cuba as "islands of capitalism". I have characterized them as "volcanic islands", ready to spew forth lava and other earth-building materials so that a solid, continuous extension of capitalism may arise sometime in the future. If the economic reform process turns out to be lenghty and complex, as is likely to be the case, the usefulness of a more pro-active U.S. policy becomes more apparent. At a minimum, our objectives would be more quickly realized at diminished expense and the social/economic cost to the people of Cuba would be reduced.

Fourth, in terms of the plan for assistance (section 4), it must be remembered that Cuba remains a sugar-based economy and that any economic recovery plan must include a significant role for that industry. I believe that this bill must make provision to include a partial restoration of the Cuban sugar quota, perhaps at 500,000 million tons annually. At present, the U.S. imports under special agreements about 1.5 million tons of sugar, with the remainder of total consumption supplied by domestic producers. Cuban sugar output now hovers around 4.5 million tons and is likely to stabilize at that level. Restoring part of the sugar quota to a democratic Cuba would involve difficult political choices, both domestic and foreign. I leave that problem to the Congress. Down the road, other tough decisions about Cuba's role in the world economy are likely to include the issue of NAFTA membership.

Fifth, this bill's clear and resounding support for the self-determination of the Cuban people and its assertions concerning Cuba's sovereignty are extremely important in promoting a positive response to the document among the people in the island. For many decades, Cuban nationalism has been a powerful force in shaping the course of the island's historical development. The present is no exception. Indeed, the craving for national independence may be stronger now in the wake of the collapse of the socialist bloc, adherence to which compromised Cuba's sovereignty without resulting in lasting economic benefits (but rather produced long-term economic burdens).

In this context, the provision (section 8.3) that the transition government should not "include Fidel Castro or Raul Castro, or any person appointed by either such individual in a position of authority" may prove troublesome in terms of the implementation of the act. In most transitions from totalitarian or

authoritarian regimes to democratic governments, the holders of power have participated in the process: Sandinistas in Nicaragua, Pinochet in Chile, ARENA in El Salvador. In different forms, this experience has been replicated in Russia, several CIS republics, and some Eastern European countries. Indeed, in Poland the old Communists were returned to power through the ballot box.

It is an excruciating decision but one which will determine the applicability of the act. A "hard" condition, such as it now exists, will likely generate little response from the Cuban side, even from the incipient reformist factions. One suggestion to soften-up the requirement: keep the exclusion of the Castro brothers but remove the appointment clause. Obviously, this change will not endear the bill to the senior leaders, but will likely generate excitement and increase incentives among the reformers. If we agree that change in Cuba is to be undertaken by the Cubans themselves, then the bill's provisions must reflect that conviction and provide the necessary facilitating circumstances. In this vein, I reiterate my plea for increased contacts and communications with the Cuban people in their time of trials and tribulations.

Mr. Chairman, thank you for allowing me to express my views on this important bill. I believe that it deserves the support of the House, and later the Senate, because it will chart new and positive directions in U.S. policy toward Cuba.

FREEDOM HOUSE
FOUNDED 1941

WASHINGTON OFFICE
1319 18TH STREET, NW
SUITE 300
WASHINGTON, DC 20036
TEL 202-296-5101
FAX 202-296-5078

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Testimony of

FRANK CALZON
Washington Representative
Freedom House

Subcommittee on Western Hemisphere Affairs
Committee on Foreign Affairs
U.S. House of Representatives

March 24, 1994

Mr. Chairman and members of the Subcommittee on Western Hemisphere Affairs. I am honored to appear before you today, to share with you my views about Cuba, U.S. policy toward the island, and Congressman Robert Menendez' efforts to help the Cuban people in their struggle toward a democratic, pluralistic, and free market society

I would like to commend the committee for holding this hearing and endorse the goals outlined by Cong. Menendez in his efforts to help a transition toward a Free Cuba.

As Washington Representative of Freedom House, I've been fortunate to meet many men and women from around the world, who like the Cubans today, suffered under dictatorial regimes. Freedom House is a bipartisan, independent human rights organization founded in 1941 to oppose German fascism. Since then, Freedom House has promoted human rights and democracy at home and abroad. Our current chair is Bette Bao Lord.

I pray that it will not be long before the Cubans will join the Czechs, Chileans, Poles, South Africans and Salvadorans, in the search for peaceful alternatives to the tragic crisis which is Cuba today.

Freedom House strongly endorses the goals embodied in the legislation presented by Congressman Robert Menendez to provide assistance to the Cuban people after the demise of Castroism and during the expected transition period toward democracy, political pluralism, and a free market economy. A society dedicated, in the words of Cuban patriot and poet, José Martí to the "full dignity of man."

I would be less than candid if I did not mention my personal background while discussing the matter at hand. I was born in Cuba and

have devoted most of my professional career to the analysis of Cuban affairs and U.S. Cuban relations.

I would like to start by answering a question often asked: why should the American people and the U.S. Congress care about the outcome of events in one of the few remaining dictatorships in the Western Hemisphere?

To ask the question is to bring into focus 200 years of history between Cuba and the United States and the geographical proximity of the island. It is no accident, as the Marxists used to say, that to Fidel Castro's boast that "History will absolve me," many Cubans responded tongue-in-cheek: "That may be true, but geography will condemn you."

In Cuba's case, in the closing years of the twentieth century there is also a domestic interest. It would be impossible for one million Cuban-Americans to ignore major bloodshed or a similar crisis on the island. And while the Cuban-American community has no veto over U.S. policy anywhere Cuban-Americans hope, and do participate in the national debate on Cuba and other issues.

Into this formulation the humanitarian impulse of the American people also plays a role, just as it does in response to human suffering in many parts of the world, whether from natural disasters or man-made catastrophes.

For the last 35 years, the people of Cuba have suffered the battering of despotic totalitarianism that has been much more pervasive and destructive, precisely because it is man-made. The crisis unfolds in many dimensions: 1) economic privation of a sort difficult to comprehend given the characteristics of its people, its climate and fertile soil; 2) environmental devastation that threatens the ecology of the Caribbean; 3) a repressive regime that mimics many aspects of Stalinist Russia, and 4) a social and public health nightmare unparalleled in the history of the country.

Cuba is at a standstill. A visitor to the island recently wrote to me: "Cuba is for sale. Cuban men and women are for sale. Cuban children, male and female are for sale." This is the terrible outcome of Castro's "political experiment" in the heart of the Western Hemisphere. The crisis results from a system proven bankrupt everywhere else it has been tried, of Castro's mismanagement, cruelty and ineptitude.

Having said all of that, the most important consideration for Congress, has to be America's national interest. What can the United States do to deal with a situation in a way that will minimize its negative impact on the U.S.?

There is no question that given the current crisis in Cuba immigration pressures will continue to rise. And the number of refugees will no doubt increase if there is widespread bloodshed. Another dimension that I have mentioned is the issue of public health. If there is an epidemic among the Cuban people, weakened as they are by years of shortages of basic nutrients, or a crop blight, or a Chernobyl-type nuclear accident in the island's nuclear reactors still under construction, the U.S. will be affected.

So it is not only out of humanitarian concerns, but out of self-interest, that the U.S. should not ignore the Cuban situation.

I recently accompanied Alina Fernandez, Fidel Castro's daughter, to attend the meeting of the U.N. Commission on Human Rights in Geneva. At a press conference there she said that Havana is a city without dogs, and without cats.

"Havana is without dogs because the people have gotten rid of them. A dog is an extra mouth that most Cubans cannot afford to feed. The price of cat meat," she said "fluctuates on the black market." This is a country where, for more than 20 years, when a child reaches the age of seven, he or she is no longer able to receive milk. And Ms. Fernandez, like most Cubans, know who is responsible. "All the ills of Cuba," she said, "have a name: Fidel."

This is why, those who blame America first and would like to lift U.S. trade sanctions against the Castro regime, are so mistaken. They can only blame the United States by ignoring the nature of the Castro regime. Castro maintains a Stalinist paradigm. He imported from the old Soviet Union not only a political philosophy but Stalin's repression, including the use of psychiatric hospitals and electroshocks as punishment against sane dissidents.

His policies, not the American embargo, are responsible for the lack of green vegetables, for the lack of tomatoes, for the rationing of sugar, chicken and meat on Cuban tables. These shortages are a direct result of the failed, agricultural policies of Fidel. There is an intrinsic contradiction between liberating the creative energies of the Cuban farmers, and political control. Castro has chosen political stability and a balance of terror over the feeding of the population. And then he turns around and asks the international community to provide humanitarian assistance, that for the most part does not reach the Cuban people, but is channeled to the military and the nomenklatura or is resold in hard currency stores, as a way to obviate the need for internal reform.

One of the unintended consequences of the U.S. trade embargo is to have saved U.S. taxpayers millions of dollars. In the absence of the trade-embargo, U.S. banks would be at the Paris Club demanding payment for Castro's defaulted loans. Canadian, French, Japanese, and other banks have participated in these fruitless talks. The Castro government has had great difficulty in paying interest, let alone the principal, on these debts for many years. And Cuba has nothing to show for them or for the massive influx of Soviet assistance.

In the words of a former close friend of Fidel Castro, the former editor of the newspaper *Revolution* in a letter to Congressman Charles Rangel, "the embargo is political, not economic." Why should the U.S. provide Castro the legitimacy that the Cuban people deny him, by lifting the trade and economic sanctions?

The Havana government can buy anything it wants from Canada, Spain, Mexico, Great Britain, among others. Castro's problem is not lack of willing suppliers, but lack of cash. It is precisely because for 35 years the U.S. has stood firm as a friend of the Cuban people and against the dictator, that lifting the embargo at this time would only serve to keep Castro in power for awhile longer.

It is notable that today, most foreign investors are viewed by the Cubans as speculators and exploiters; the foreign-owned restaurants and stores in Havana have the effect of promoting "tourist apartheid" where Cuban are not allowed. The refusal of the U.S. government to participate in this cruel system for the paltry rewards it offers, and the insult to Cubans it entails, is not likely to be forgotten.

Even the Communist label, in the Eastern European context is misleading when applied to Castro. Some Communist regimes in Eastern Europe and Gorbachev's glasnost and perestroika allowed reforms. Only Cuba and North Korea cling relentlessly to a Stalinist model. The so-called reforms advocated by those who advocate "normalization" indicate a contempt for the Cuban people because the economic "reforms" are designed for the promotion of exports, to obtain hard currency for the regime. There is no serious effort on Castro's part to increase domestic production for domestic consumption. When the "free peasant markets" became successful a couple of years ago, they were canceled. Their growing success and independence were perceived as an "evil" by Castro. More importantly their example to others threatened the power of the regime. When farmers began to give priority to tilling the land instead of attending political rallies, that experiment came to an abrupt end. Similarly, in the case of the more recent "paladares" or small private home-cooking restaurants, the successful ones have been put out of business.

The U.S. has for decades maintained a policy of denying hard currency and political legitimacy to the Castro regime. However, both the supporters and the opponents of the embargo exaggerate its importance. The embargo is an external factor, while the main determinants of the Cuban situation are internal: the repressive nature of the regime, the growing internal opposition, the economic crisis and the belief shared by millions of Cubans that the revolutionary experiment has failed.

The Castro government has for years sought to achieve legitimacy by staging extravagant international events, such as world sport championships and ballyhooed visits by foreign dignitaries. It is in that search for legitimacy on the basis of outside support that Castro's campaign to lift the U.S. trade sanctions ought to be viewed.

Any reevaluation of U.S. policy toward Havana must be conditioned on concrete and demonstrated internal reforms. The cases of Chile and South Africa provide examples of how such a policy can be put into effect. Why not ask for free and fair elections, a free press, the rule of law, and the restoration of a free labor movement?

The internal opposition to Castro, as well as most of the opposition-in-exile, have publicly renounced the use of violence. At a minimum, Havana should be required to terminate the rapid development brigades. These groups of "angry people" appear at the homes of dissidents, breaking furniture, smashing windows, beating up human rights activists. When the police arrive instead of arresting the thugs, they arrest the dissidents "for disturbing the peace." These "angry people" travel in trucks, in a country where gasoline is rationed, and use walkie-talkies only available in Cuba to security forces.

The Castro regime, were it interested in a peaceful outcome, and the welfare of the Cubans, would have welcomed the initiative of the Cuban bishops who called for a package of reforms that would include the lifting of the embargo, the release of political prisoners, the end of government violence and a national dialogue. While the government was silent on the bishops' pastoral letter, Castro's official press denounced the bishops as traitors.

And those who ask for a lifting of the U.S. embargo, some of whom have been quiet for a generation on the suffering of the Cuban people, ought to ask Castro to stop the strip-searching of the mothers, wives, sisters, and daughters of the political prisoners before the allowed visit with them every two or three months.

For the U.S. to begin normal relations with Havana, the Cuban government must begin to behave in a normal fashion. It no longer suffices for Castro to raise the issue of sovereignty. These issues are no longer considered internal matters anywhere.

I would say to Congressman Rangel and others who advocate precipitous changes in U.S. policy that the obstacles to normal relations are neither in Washington nor in Miami, and to some extent, not even in Havana. The obstacle is Fidel. He must stop his policy of violence against those who seek peaceful change. Those who advocate lifting of U.S. trade sanctions ignoring the current outrages, in fact ought to carry a heavy moral responsibility: They are contributing to the maintenance of the status quo.

Finally, Congressman Menenedez's approaches are significant because:

1) In opposition to so much reactive U.S. policy, he attempts to outline a course of action before the storm hits. It alerts American government agencies to the need to give serious consideration to both policy and policy implementation toward the Cuban crisis. It is a sound effort because it promotes the interests of the Cuban people while protecting fundamental American interests.

2) To those in Cuba or elsewhere who continue to give some credibility to Castro's "nationalist rhetoric," and who have forgotten his internationalist ambitions, it says in very clear language that the American people have no interest in dictating Cuba's future. It is up to the Cuban people.

3) To the Cuban military Congressman Menendez's effort says once Cuba is free the U.S. is ready to negotiate the U.S. naval base in Guantanamo in Eastern Cuba. And it seeks ways of helping ameliorate the impact of the inevitable downsizing of Cuba's military.

4) And finally to the Cuban people, already aware of the generosity of a neighbor who opened its doors to more than a million fellow Cubans it says that America is willing and able to provide help, as it had done many times elsewhere; but that, as I indicated before, external factors are much less important to the resolution of the Cuban crisis than the repressive nature of the regime and the courage of thousands of men and women in Cuba whose only protection against the wrath of the police state is their love for freedom, the sacrifice of many others on the island who try to help them and the solidarity of the outside world.

Congressman Bob Menendez attempts to help Cuba, not Castro. His concern for the Cuban people has been a constant of his public life. The Congress and the President could do much worse than to give serious consideration to the prudent, yet imaginative ideas contained in his initiative.

Thank you very much.

HEARING ON H.R. 2758
THE FREE AND INDEPENDENT CUBA ASSISTANCE ACT
THURSDAY, MARCH 24, 1994
10:00 AM 2200 RAYBURN

Background

As introduced on July 27, 1993, H.R. 2758--the Free and Independent Cuba Assistance Act--outlines steps for the United States to take to provide assistance to the Cuban people once a transitional government is in power. The bill authorizes appropriations for "such sums as may be necessary to carry out this Act."

Section 4 of the bill would require the President to "develop a plan for providing, at such time as the President determines that a transition government in Cuba is in power, economic assistance to the people of Cuba, while such government, and a democratic government in Cuba, are in power." While a transition government is in power, the bill would limit such assistance to humanitarian assistance and assistance to prepare the Cuban military forces to adjust to a new role in a democracy and civilian life. When a democratic government is in power, the bill would expand such assistance to include development and agricultural assistance and export financing (as well as other specified assistance). Section 4 would also require the plan developed by the President to include a strategy for distributing the assistance. With regard to international efforts, it would require the President to take steps to get other countries and international financial institutions to provide comparable assistance to Cuba, and would require the President to take the necessary steps to communicate to the Cuban people the plan for assistance.

With regard to U.S. trade policy toward Cuba, Section 4 of the bill would direct the President to determine whether to designate Cuba as a beneficiary country pursuant to the Caribbean Basin Economic Recovery Act. It would also: (1) require the President to take steps to enter into a framework agreement with the transition government providing for trade and investment in Cuba; and (2) allow the President to enter into negotiations with a democratic government in Cuba to conclude a free trade agreement. Also relating to trade with Cuba, Section 3(13) of the bill states that it is U.S. policy "to lift the economic embargo on Cuba when the President determines that there exists a democratic government in Cuba." Section 7 of the bill states that the President shall terminate the embargo after he submits a determination to Congress that a democratic Cuban government is in power.

Section 8 sets forth characteristics that define a transition government in Cuba. The government must be "demonstrably in transition from communist totalitarian dictatorship to democracy." It must be making public commitments and demonstrable progress in: releasing all political prisoners and allowing the investigation of Cuban prisons by international human rights organizations; establishing an independent judiciary; respecting internationally recognized human rights; dissolving the Department of State Security in the

Cuban Ministry of the Interior; organizing free and fair election; granting permits to privately owned indigenous telecommunications companies to operate in Cuba; and allowing the establishment of an independent labor movement and of independent social, economic, and political association. The transition government may not include Fidel or Raul Castro, or any person appointed by either such individual in a position of authority. It must allow the speedy and efficient distribution of assistance to the Cuban people.

Section 9 sets forth characteristics that define a democratic government in Cuba. The government must result from free and fair elections that are conducted with internationally recognized observers. it must permit opposition parties ample time to organize and campaign for the elections, with full media access for all candidates. It must be showing respect for basic civil liberties and human rights and have made demonstrable progress in establishing an independent judiciary. The government must be moving towards establishing a market-oriented economic system, and have made or be committed to making constitutional changes that would ensure regular free and fair elections.

EXECUTIVE SUMMARY

"A FIRST APPROXIMATION OF THE FOREIGN ASSISTANCE REQUIREMENTS OF DEMOCRATIC CUBA"

by

José F. Alonso and Armando M. Lago

This paper examines development options for Cuba and distinguishes two main sectors: a modern foreign sector, which relies on investments from foreign corporations and from the Cuban exile community, and a local/domestic sector which comprises the current Cuban economy. In addition three development options are analyzed: a partial privatization option similar to the current situation in Nicaragua, a second scenario assumes full privatization and admission of a democratic Cuba into the Caribbean Basin Initiative (CBI) five years after the onset of democratization, and finally, a third privatization scenario corresponding to full privatization and admission of Cuba into NAFTA fifteen years after the start of the transition period to democracy in Cuba. Projections were developed for three time periods, namely: five years after the onset of democracy (t+5), ten years (t+10), and fifteen years (t+15) after democratization.

Economic Model

The two sectors of the economy, foreign and domestic, were projected as follows using econometric methods. The local economy, currently in government hands, was projected using a Cobb-Douglas production function with actual Cuban data. Variables used in the projection were net capital (net of depreciation) and labor. The effects of foreign investments on growth were also projected using capital-output ratios from the international development experience. In addition, the economic model traced gaps in savings and investments flows, and balance of payments gaps. Imports of food, intermediate inputs, machinery & equipment and oil products were projected using import elasticities estimated from Cuba's international commerce publications. A final sub-sector of the economic model estimates employment demand and labor force availabilities.

Sugar Exports

Sugar continues to be the most important product of the country. It provides the largest share of employment and foreign exchange revenues. The sugar agricultural sector received the benefit of mechanization and improved field practices. Meanwhile, the industrial sector lagged behind in technology although several mills were rebuilt and others replaced. For the sugar industrial to prosper in the future, to become competitive in the world market and to be the engine towards development, a substantial amount of investments must be made. Those required investments will be needed as follows: a) to modernize and diversify, b) to obtain higher yields, c) to ameliorate ecological problems and d) to convert the industry into a modern industrial base. Eventually, the number of mills (approximate 159 today) must be substantially reduced to lower costs and attain economies of scale if this industry is to become competitive again in the World market.

Today, for Cuba to compete in the sugar market, a substantial amount of white sugar is required and Cuba is essentially a raw sugar producer. Therefore, in order to reestablish its competitiveness and viability, the industry must be redesigned. To achieve this task a carefully crafted plan must be implemented with the following goals in mind: convert to a white sugar industry, diversify the industry using sugarcane as raw material and reduce its size to attain economies of scales. This would allow the industry to become a leader towards diversification and growth.

Two transition scenarios with partial and full privatization were portrayed in this section. Under both scenarios, the U.S.A. market was projected because it is key and pivotal for the country's economy. It was assumed that NAFTA and CBI would become a reality and that Cuba after fifteen years would be able to receive the benefits of lower or no trade barriers once full diplomatic relations with the United States and membership

in NAFTA and CBI have been attained. Based on the above premise, this work assumed that by year t+15, Cuba could regain access to the U.S. sugar market with 1.5 million tons of sugar. It would become very desirable if no less than 0.5 million tons could enter the U.S. market once the trade and other political impediments are dismantled in order to ameliorate the political and economic impact of the transition process towards democracy. Revenues were estimated utilizing the World Bank price projections and, depending on the scenario, the estimates ranged from 1.4 billion of 1992 dollars in period t+15 during partial privatization, to as high as 1.53 billion of 1992 dollars at t+15 under full privatization. There does not seems to be substantial differences in revenues under either scenario.

Diversification away from sugar has been a goal of Cuba for many years. Ethanol, is an example of an industry which uses sugarcane as an input and its output can contribute during the transition process. It could be the leading industry in a diversification process because the product has a ready market in the U.S.A. There are several other by-products of the sugar industry for which plants are in place which also utilize sugarcane as raw material and could compliment the effort. If the U.S. is going to meet the mandatory fuel requirements of the Clean Air Act, Cuba could export up to 10.0 million gallons of ethanol as projected. The constraint facing the production of ethanol for exports will be the state of affairs of the installed capacity due to lack of maintenance, and the upgrading required to bring the distilleries to modern standards. However, substantial investments would be required to meet the domestic demand and to increase to exporting capacity levels in the future. Other by-products plants already installed will compete for investments, but they could contribute more by producing efficiently several domestic consumption products such as paper, yeast, etc. Using sugarcane as raw material for these plants is essential for the country given its comparative advantage in its production. The elusive path of diversification is essential for Cuba if it is going to regain its competitiveness as a low cost sugar producer.

Non-Sugar Exports

Cuba's international tourism receipts had a 3.2% market share of the entire Caribbean region (excluding Mexico) in 1992, lagging behind important competitors, such as Puerto Rico, Bahamas, Dominican Republic, Jamaica, Bermuda, Barbados, and even the Caiman Islands. By year t+15, Cuba's market share of the Caribbean region's tourism receipts is expected to grow to 9% under the partial privatization scenario and to 11% under the full privatization scenario. Cuba's market share could grow to 15% of the Caribbean market if gambling would be allowed in Cuba. Deductions from tourism receipts must be made to reflect the high import content (i.e. as much as 64.5%) of the Cuban tourism industry. By year t+15, net receipts from tourism, were projected to be nearly 1.47 billion of 1992 dollars, as large (i.e. 97%) as the value of the Cuban sugar exports.

Nickel exports have been depressed since 1991 due to the plummeting of nickel prices in the World market. Current prices are less than half the costs of producing nickel in Cuba. In addition, a large increase in world wide nickel capacity is projected by the World Bank for the near future. The projections assume exports of 55,000 tons by year t+15, well below the 100,000 tons projected by the Cuban government for year 2,000, but even our projections may be on the high side given the deplorable market conditions in nickel. Nickel exports were projected at 525 billion of 1992 dollars for year t+15 under the NAFTA scenario.

With the demise of the centrally planned economies in the USSR and Eastern Europe, Cuban citrus exports have collapsed to a shade of their 1989 peak value of $171 million. The projections assume that citrus exports will recuperate and grow moderately to 266-$292 million of 1992 dollars by year t+15. Exports of fisheries peaked at 149 million in 1986 and have been declining ever since. Meanwhile, most of Cuba's catch - 92% of its value- comes from domestic waters, the Gulf of Mexico, the Caribbean and the North coast of Brazil. The projections assumed abandonment of far away fisheries and concentration on nearby areas. The projections also assume a significant farm-raised fish and shrimp activity. Fishery exports were projected at healthy rates and may be as large as 195-245 million of 1992 dollars in year t+15.

Fruits and vegetables were projected to grow rapidly to 331 million of 1992 dollars by year t+15 under CBI, and to 555 million of 1992 dollars under NAFTA. The largest export volumes will be achieved in green peppers, tomatoes, ornamental plants, melons and honey. These projections assumed that under the CBI, Cuba would become the second largest exporter (after Mexico) for a variety of products for which it has competitive advantage. Under NAFTA, Cuban exports of fruits and vegetables were projected to capture 10% to 30% of Mexico's share depending on the product.

Industrial exports were projected for 21 industrial products. These exports would rise to 1,064 million of 1992 dollars after 15 years into the transition under the CBI trade regime and to 1,736 million of 1992 dollars under NAFTA. The major industrial export markets included biomedical products, textiles and clothing (Section 807), rum and orange juice concentrate. Table S-1 presents the total exports projected under each scenario.

Foreign Capital Flows and Remittances.
Projections of capital accounts of the Balance of Payments include remittances, foreign direct private investments, portfolio investments and foreign aid.

From their 1989 values of $ 173.4 million, remittances were projected to rise to $ 2,110 million of 1992 dollars for year t+15. These projections assumed an experience comparable to those of Mexico, El Salvador and the Dominican Republic; that is, of countries that have high rates of remittances per person residing in the United States. Private foreign direct investments were expected to rise from their current levels of 25-$50 million annually to 1,050 million of 1992 dollars annually by year t+15 under the CBI scenario and to 3,500 million of 1992 dollars annually under NAFTA, that is, comparable to the current rate for Singapore. Portfolio investments in Cuba's securities were projected to rise from nil to 400 million of 1992 dollars annually by year t+15 under CBI, and to $ 600 million of 1992 dollars annually under NAFTA; but given the current boom in portfolio investments in Mexico, and to a lesser extent in Chile, the projected portfolio investment rates may be underestimated.

Foreign aid flows were projected assuming rates per person comparable to Chile, Costa Rica, Uruguay and other countries that receive large amounts of foreign aid. US-AID funds were projected at 1,000 million of 1992 dollars annually during the first five years of the transition period. Loans and grants from the Inter-American Development Bank were projected as 200 million of 1992 dollars annually in year t+5, growing to $ 300 million of 1992 dollars annually by year t+15. World Bank loans and grants were projected to be 350 million of 1992 dollars annually by year t+5 under full privatization, growing to 500 million of 1992 dollars annually in year t+15. Cuba could qualify for balance of payment support loans of almost 200 million of 1992 dollars annually during a four year period from the International Monetary Fund. The total foreign assistance requirements of a democratic Cuba were estimated as 2.5 billion of 1992 dollars annually during the first five years of the transition.

Foreign Debt.
The foreign debt and claims on Cuba estimated included 6,500 million owed to the Paris Club and other European creditors, the 15,000 million of transferable rubles owed to Russia, the 1,800 million of United States property confiscated without compensation in August 1960 and the 7,000 million confiscated from the Cuban exiles in 1960-61. This last figure was estimated via two different analytical research methods. Both research methods coincided with the same estimate of losses. In August 1993, the debt with the United States amounted to 5,364 million of current dollars and the value of the Cuban exile claims was in the order of $ 20,430 millions of current dollars. The claim figures were estimated using 6% simple interest rates in accordance with international practices and conventions. Payments for damages for human rights violations are assumed to be paid in local currency as was the case in Romania.

Analysis of Projections

Output, employment, balance of payments and savings/investment projections were developed from the economic model using elasticities as pivot point projections methodology to take into account, albeit partially, the structural changes in the underlying economic system as it changes from Castro's command system to a free market economy. Because of unresolved exchange rate valuation problems, the local domestic sector is projected in real 1992 pesos, while the dynamic foreign sector is projected in real 1992 dollars. The macroeconomic projections are presented in Table S-1.

The rate of growth of output is estimated using as a proxy the rate of growth of employment at stationary real wages. As shown in Table S-2, the annual rate of growth of output is 2.6% under partial privatization, 4.1% under full privatization/CBI scenario and 6.2% under NAFTA. Employment grows at annual rates of 2.6% for the partial privatization scenario, 3.1% under the CBI and 4.6% under the full privatization/NAFTA scenario. Paying Cuban exile claims tends to reduce the rate of growth of both output and employment by 0.5% to 0.7% depending on the development scenario.

The slow growth rate under the partial privatization scenario results in high levels of unemployment and its adoption as a development strategy would result in sacrificing an entire generation of Cubans before recuperating the 1985-90 income levels. The higher growth rates under NAFTA would reduce unemployment to negligible levels. In fact, labor force availability becomes a serious growth constraint in the latter years of NAFTA because of the slow growth rates of the Cuban labor supply in the next decade.

A foreign exchange gap occurs during the first five years of the full privatization scenario, requiring foreign assistance of $2.5 billion annually during the early years of the transition. By year t+10 the foreign exchange gap is no longer a constraint factor. One way to insure that there will be no foreign exchange gap restraining the economic development is by officially devaluing the Cuban peso to a level, warranted by foreign exchange markets, where Cuba can qualify for grants and concessionaire loans payable in soft currency from the international development lending agencies.

The study concludes on the need for a fully privatized market economy for Cuba together with a foreign financial assistance package of $2.5 billion annually during the first years of the transition due to the country inability to generate growth and employment. The fiscal and monetary authorities will have to operate on a very tight, conservative budgets (no deficits). The country sugar industry must undertake a diversification and modernization process to the benefits of economies of scale. The diversification of the sugar industry could begin by utilizing byproduct plants in place which produce a range of products from ethanol, chemicals and electricity (via co-generation) for domestic markets. Cuba should join the CBI and NAFTA otherwise it will not recuperate fast economically and its primary potential agricultural export products consisting of fruits and vegetables and other industrial products such as assembly operations, ethanol, rum, orange juice concentrate, and pharmaceutical products needed for growth and to diversify the economy will not materialize. The reality for Cuba is that it will need to utilize all its natural resources wisely and to implement well though economic policies otherwise its population will suffer through a very difficult transition period which could have serious lasting political consequences.

Table 8-1 Cuba: Macroeconomic impact s of paying debts and claims, except exile claims
(in constant 1992 dollars and 1992 pesos, unless otherwise specified)

Items	Initial Transition t+0	Partial Privatization t+5	Partial Privatization t+15	Full Privatization CBI t+5	Full Privatization CBI t+15	Full Privatization NAFTA t+15
GDP output						
Domestic sector (in mill. 1992 pesos)	12,100	12,290	17,060	16,681	20,348	27,370
Foreign sector (in mill. 1992 dollars)	0	$736	$2,664	$1,660	$5,700	$7,976
Employment - Total (in million jobs)	3.006	3,105	4,416	3,989	4,767	5,921
Accumulated foreign capital stock (in mill. 1992 dollars)		$2,574	$9,941	$5,779	$19,954	$27,919
Savings-investments relationship (in mill. 1992 pesos and dollars)						
Domestic sector ex-ante savings (in mill. 1992 pesos)	969	1,004	1,909	1,629	2,536	3,989
Domestic gross investments (in mill. 1992 pesos)	1649	1699	2849	2613	4,030	5829
Foreign sector savings (in mill. 1992 dollars)	0	$140	$495	$314	$1,063	$1,616
Balance of trade (in mill. 1992 dollars)						
Exports (in mill. 1992 dollars)	2173	2323	4580	2752	5671	6739
Ex-post imports (in mill. 1992 dollars)	2186	2264	4080	3550	5946	8787
Ex-ante imports (in mill. 1992 dollars)	2136	2161	2904	3677	3252	4201
Imported oil quantities (mill. metric tons)	6.3	6.361	7.896	7.424	8.963	11.229
Imported oil (in mill. 1992 dollars)	$796	$903	$997	$938	$1,132	$1,418
Labor market supply and wages						
Economic active population (in million persons)	4.662	4.966	5.396	4.966	5.396	5.396
Average annual wage (in 1992 pesos)	2,737	2,737	2,737	2,737	3,176	3,473

Note:
a/ There are no published data on these items

Table 8-2 Cuba: Labor market summary at t+15 years after the transition

Debt scenarios	Privatization scenarios	At stationary real wage rates: Annual growth rate of output and employment	At target real wage rates: Target real wage growth rate	Employment (millions)	Annual growth rate of output and employment
All claims paid	Partial Privatization	1.9%	0.0%	3.943	1.9%
	Full Privatization/CBI	3.4%	1.0%	4.342	2.5%
	Full privatization/NAFTA	5.6% a/	1.6%	5.499 a/	4.1% a/
All claims paid, except exiles claims	Partial Privatization	2.6%	0.0%	4.416	2.6%
	Full Privatization/CBI	4.1% a/	1.0%	4.767	3.1%
	Full privatization/NAFTA	5.2% a/	1.6%	5.921 a/	4.6% a/

Note:
a/ Since the supply of the economic active population (15 - 65 years old), is 5.396 million persons by year t+15, these alternatives involve delaying the retirement age past the current 60 years old limit.

TESTIMONY BY IRVING LOUIS HOROWITZ
HOUSE OF REPRESENTATIVES BILL 2758
(TO PROVIDE FOR ASSISTANCE TO THE
PEOPLE OF CUBA ONCE A TRANSACTIONAL
GOVERNMENT IS IN POWER AND FOR OTHER
PURPOSES) FOR DELIVERY ON FEBRUARY
23RD, 1994 IN WASHINGTON D.C.

It must be said, plainly and without equivocation, at the outset that the Bill introduced by Congressman Robert Menendez deserves full support from the American people, no less than the political and policy segments responsible for the conduct of foreign affairs.

H.R. 2758 - The Free and Independent Cuba Assistance Act of 1993" can best be viewed as a discrete mini-Marshall plan in its own right, and as a powerful continuation of the affirmative spirit which underwrites the Torricelli Bill voted by Congress in 1992.

The Cuban people, through thirty five years of tyrannical rule, have retained an amazing capacity to seek freedom - in the marketplace and in ideas. Not even the most militant and diligent efforts by Castro and his clique have been able to shut down the desire for a free market in foods, goods, trade, exchange. Add to this the near legendary ability of Cuban people to repair, modify and innovate old artifacts, and it will be seen that this mini-Marshall plan is likely to produce the

same astonishing results the original plan made possible in a devastated post-World War Two Europe.

Given the current climate of hemispheric affairs, it is important that the United States be seen - in action as well as words - as a compassionate nation, not a vindictive one. Embargoing the Castro regime is a *strategy* to limit and curb any propensity for further adventures on the part of Fidel and his deteriorating regime.

Extending the communications networks between the United States and Cuba (both are key elements) in the Torricelli Bill) is a *tactic* aimed at making it clear to all concerned that the free flow of ideas and information - private and public alike - is in the interests of American foreign policy and the Cuban populace alike.

The Menendez Bill builds on this new level of congressional activity. It does so by establishing as a *principle* the support by the United States of a free and independent Cuba, one that both urges an end to a regime built on tyranny, and economic support for whatever democratic and free options are chosen by the Cuban people in unfettered elections.

The Bill is plain spoken in terms of provisions for emergency relief assistance to a transitional government, urging other governments to follow suit, and negotiate all sources of past and present irritants in the relationships between the two nations and peoples. Thus, I should like to devote the remainder of my brief time to certain aspects of the proposed legislation that may require fine-tuning, and in certain instances, further clarification.

Clause 10: I believe the paragraph should read "not to provide special treatment or favoritism in order to influence electoral decisions or outcomes prior to agreed upon elections. As it now reads, the legislation might be ungenerously construed as inhibiting any United States statement on a post-Castro government - and that is quite too restrictive.

Clause 11: Should be tightened to indicate a desire on the part of the American government, and indeed, all nations that have been victimized by Cuban military adventures, to reduce the size of the Cuban armed forces - and not just prepare it for new role in a a democratic regime. Indeed, force reduction might be the most tell-tale sign that Cuba has left the aggressive ways of the Castro epoch behind.

Clause 14: It is difficult to know how to operationally implement the idea of the United States acting directly to strengthen and stabilize the Cuban national currency. On one hand, this would be a fiscal by-product of the package proposed in the legislation. On the other. perhaps a sub-clause can be added that would achieve the desired fiscal goal by placing the currency on an open exchange market, in place of the current controlled, non-market features of the currencies.

The section on authorization of assistance, strategy for distribution are excellent. Placing the implementation of the presidential plans under a assistant Secretary of State for Inter-American Affairs seems appropriate; although here I would suggest the need for a special appointment to offer direct supervision of such assistance. My own idea is that a military figure, familiar with hemispheric affairs can be named who would report directly to the assistant Secretary and also the new United States ambassador to Cuba. Given the target nature of this

proposed legislation, the need for an overall supervisor seems apparent - not to create a new infrastructure of reporting, but to insure that the intent and content of this legislation is carried forth.

The portion defining requirements for transition government are very much on target, offering a minimal operational definition of such a transition. The clauses are very much within the framework of Presidential sentiments on Cuba, and serve to deepen the structure of such sentiments involved in the creation of a democratic government in Cuba.

H.R. 2758 provides precisely that expression of political will that defines the political aims of the United States for a new Cuba free of foreign intervention or interference. The Menendez proposal offers the sort of broad compassionate approach that can united the Cuban people - whether living in Cuba, or in exile - that can put closure to the decades of dictatorship, but more, open a new era in which the troubled past is finally displaced by that good neighbor policy that was long ago promised by United States foreign policy and is now being delivered throughout the hemisphere. The transition of Cuba from dictatorship to democracy, from a command economy to a free economy, is profoundly aided and abetted by this Act to achieve a Free and Independent Cuba. It deserves and should received overwhelming Congressional support and no less, Presidential approbation.

**STATEMENT FOR THE RECORD OF DAVID W. WALLACE,
CHAIRMAN OF THE JOINT CORPORATE COMMITTEE ON CUBAN CLAIMS
SUBMITTED TO THE SUBCOMMITTEE ON WESTERN HEMISPHERE AFFAIRS
OF THE COMMITTEE ON FOREIGN AFFAIRS,
U.S. HOUSE OF REPRESENTATIVES
ON H.R. 2758, THE "FREE AND INDEPENDENT CUBA ACT OF 1993"**

MARCH 24, 1994

Mr. Chairman and Members of the Subcommittee, I am pleased to have this opportunity to express the views of the Joint Corporate Committee on Cuban Claims with respect to H.R. 2758, the "Free and Independent Cuba Act of 1993."

By way of introduction, I serve as Chairman and Chief Executive Officer of Lone Star Industries, Inc., whose cement plant at Mariel was confiscated by the Cuban government in 1960, but am submitting this statement in my capacity as Chairman of the Joint Corporate Committee on Cuban Claims. The Joint Corporate Committee on Cuban Claims serves as the representative of more than fifty U.S. corporations and individuals with certified claims against the Government of Cuba stemming from the Castro regime's unlawful confiscation of U.S. property without just compensation. Since its formation in 1975, the Committee has vigorously supported the principle of law which requires that compensation be made by the Government of Cuba for U.S. properties it seized <u>before</u> normal trade and diplomatic relations are resumed between the United States and the Government of Cuba.

On behalf of our Committee, I want to commend you for your effective leadership and persistent efforts, of which this hearing is but one example, in ensuring that our nation's policy towards Cuba remains firm and resolute -- yet forward-looking. Recognizing the important role that trade and investment by U.S. businesses will have in Cuba's economic reconstruction and its eventual return to the international community, we strongly support the fundamental approach, common to both the Cuban Democracy Act and H.R. 2758, which conditions the resumption of economic and diplomatic ties between our nations on Cuba's implementation of meaningful democratic and market-oriented economic reforms.

In considering the circumstances and conditions that would support the termination of our trade embargo against Cuba and the resumption of U.S. economic assistance, we should not lose sight of the essential reason for which the U.S. government first imposed a partial trade embargo against Cuba in 1960, followed by the suspension of diplomatic relations in 1961 and the imposition of a total trade embargo in 1962. These actions were taken in direct response to the Castro regime's expropriation of properties held by American citizens and companies without payment of prompt, adequate and effective compensation as required under U.S. and international law. This illegal confiscation of private assets was the largest uncompensated taking of American property in the history of our country, affecting scores of individual companies and investors in Cuban enterprises.

These citizens and companies whose property was confiscated have a legal right to receive adequate compensation or the return of their property in accordance with international law and established precedent. Indeed, Cuba's Constitution of 1940 and even the decrees issued by the Castro regime since it came to power in 1959 recognized the principle of compensation for confiscated properties. Pursuant to Title V of the International Claims Settlement Act, the claims of U.S. citizens and corporations against the Cuban government have been adjudicated and certified by the Foreign Claims Settlement Commission of the United States. Yet to this day, the claims of U.S. claimants remain unsatisfied.

It is our position that lifting the embargo prior to resolution of the claims issue would be unwise as a matter of policy and damaging to our settlement negotiations posture. First, it would set a bad precedent by signaling a willingness on the part of our nation to tolerate Cuba's failure to abide by precepts of international law. Second, lifting the embargo would remove the best leverage we have in compelling the Cuban government to address the claims of U.S. nationals and would place our negotiators at a terrible disadvantage in seeking just compensation and restitution. We depend on our government to protect the rights of its citizens when they are harmed by the unlawful actions of a foreign agent. The Joint Corporate Committee greatly appreciates the unwavering support our State Department has provided over the years on the claims issue. However, we recognize that crucial to its ability ultimately to effect a just resolution of this issue will be the powerful tool of sanctions against Cuba.

Apart from the need to redress the legitimate grievances of U.S. claimants, we also should not overlook the contribution these citizens and companies made to the economy of pre-revolutionary Cuba, helping to make it one of the top ranking Latin American countries in terms of living standards and economic growth. Many of these companies and individuals look forward to returning to Cuba to work with its people to help rebuild the nation and invest in its future. As was the case in pre-revolutionary Cuba, the ability of the Cuban government to attract foreign investment once again will be key to the success of any national policy of economic revitalization.

However, unless and until potential investors can be assured of their right to own property free from the threat of confiscation without compensation, many companies simply will not be willing to take the risk of doing business with Cuba. It is only by fairly and reasonably addressing the claims issue that the Cuban government can demonstrate to the satisfaction of the business community its recognition of and respect for property rights.

By conditioning the resumption of U.S. trade and assistance programs on the initiation by the Cuban government of basic political and market-oriented economic reforms, H.R. 2758 makes respect for property rights -- best demonstrated by resolution of the claims issue -- an important touchstone of the Cuban government's transition towards a free market system. Notwithstanding this implicit incorporation of the claims issue in H.R. 2758, we hope the Subcommittee will consider <u>explicitly</u> conditioning resumption of economic ties with Cuba on the satisfactory resolution of the claims issue. We believe that such explicit recognition of the claims issue is necessary given the importance of its resolution to the creation of a fertile environment for investment in Cuba, and also in order to comport with other laws.

In conclusion, the best way we can help improve the living standards of the Cuban people and promote lasting economic reforms -- goals that are at the heart of H.R. 2758 -- is to use all the leverage available to us to prod the Cuban government to adequately resolve the claims issue. Only by resolving these claims will the Cuban government be able to win the confidence of the business community and thus attract the levels of foreign investment that will be essential to its economic recovery. Accordingly, it is our position that the cornerstone of our policy towards Cuba must be the resolution of the outstanding claims <u>before</u> trade and diplomatic relations are renewed. Thank you for your consideration of our views.

The Miami Herald

How to get Castro to keep hope alive

THE REV. Jesse Jackson recently met with Fidel Castro in Havana. If anyone can stand up to the Cuban strongman, it is Jackson, who is both a powerful political leader and a man of peace in the tradition of his mentor, Martin Luther King Jr.

That is why his visits raise hope. Jackson knows that, almost without exception, dissident and human rights leaders in Cuba have called for peaceful answers to the country's growing crisis. He knows that many exile organizations, notably the Madrid-based Democratic Platform (a coalition of liberals, conservatives, social democrats, and Christian democrats), have repeatedly spoken against violence and in favor of a peaceful effort for democracy.

He also knows that while Fidel Castro continues to welcome foreigners to the island, Cuban authorities have denounced as "traitors" the Cuban bishops that suggested a national dialogue and the release of political prisoners. It made no difference that the bishops also called for lifting of the U.S. trade embargo. More troublesome for Castro is the fact that, after many years of almost complete silence, the Roman Catholic Church, with the support of Pope John Paul II, is willing to bear witness to the suffering in Cuba, including the plight of the political prisoners and their families.

Jackson is also aware that the Cuban government continues to use violence against peaceful dissent. Castro's Rapid Action Brigade continues to beat up dissidents, who are often target J by "assemblies of repudiation," a form of Cuban pogrom reminiscent of repression elsewhere.

How can the Cuban government call on foreigners and a few exiles "for a dialogue in search of peace" while the mothers, sisters, and wives of political prisoners are often forced to undergo strip searches and other indignities before visiting?

FRANK CALZON

The author is the Washington representative of Freedom House, a bipartisan organization promoting human rights.

Political prisoners, as Jackson knows, are often ordered to live far from their home towns as a way of inflicting on them and their loved ones additional punishment.

Castro no longer refers to exiles in foreign countries as "worms, lackeys of imperialism, agents of the CIA, and traitors to the fatherland," because he now welcomes their dollars. His venom is now primarily directed at those in Cuba, who share the exiles' hopes for a democratic transition.

The regime, which for years took pride in its internationalist efforts, no longer exports revolution, it now exports its opponents. Prominent human rights leaders such as Sebastian Arcos Bergnes, Yndamiro Restano, and Alberto Pita Santos have been told that the government will acquiesce to the appeals of Spain's Prime Minister Felipe Gonzalez, that they will be released from prison if they go "directly from their prison cells to the airport and into exile." They refuse to be banished from their country and remain in prison.

Given the dreadful situation in Cuba, it will be much easier to convince Castro to release some prisoners and allow them to emigrate. They and their families will no doubt be grateful to Jackson for his efforts. But to keep hope alive in Cuba, it is essential that human rights leaders released from prison are allowed to stay their country.

If freedom is a good thing for the Poles, the Czechs, the Chileans, why not the Cubans? Jackson says that, because Washington befriends China, it ought to befriend Castro. Shall we say then that the United States ought to befriend every other tyrant on the planet? And what about suffering Cuba: Can anyone really believe Castro's rationing of tomatoes, rice, beans, and *sugar* has anything to do with the U.S. embargo?

It is apparently true that the CIA did plan to kill and overthrow Castro. It is also true that the bearded leader brought the world to the brink of nuclear disaster, supported terrorists in three continents, and fielded whole armies under Soviet command thousands of miles away from home.

Today the Cuban drama has more to do with the internal repressive nature of the Castro regime than with external factors. In Cuba hunger, prostitution, discrimination, and repression have a common name, Fidel.

We have seen how international pressure — and trade sanctions — helped to prod the South African racist regime toward a negotiated settlement. South African President F.W. de Klerk released Nelson Mandela from prison not to expel him but to begin a dialogue that created a chance for democracy. Castro should not use the human rights community to force his opposition out of the country, but should recognize that they represent Cuba's future. Based on the statements that he made upon returning from Cuba, Jackson has not yet convinced Castro of the need for peaceful reform in Cuba.

TWO VIEWS OF EMBARGO, HUMAN RIGHTS

U.S. policy is crushing hope in Cuba

JESSE L. JACKSON

The author is the well-known civil rights activist and founder of the Rainbow Coalition. He has twice run for president.

AS YOU sow, so shall you reap, the Bible teaches. Apply this to U.S. policy toward the tiny island of Cuba, for we may soon pay dearly, if our policy succeeds.

For more than 30 years, the United States has waged war against Fidel Castro and his revolution. The Central Intelligence Agency organized a covert army to invade the island, leading to the Bay of Pigs debacle. The Cuban Missile Crisis brought us to the edge of nuclear war. The CIA then ran what Lyndon Johnson called a "Caribbean Murder Inc.," enlisted the Mafia and other ne'er-do-wells in attempts to assassinate Castro. Goods going into Cuba were sabotaged. And, we have maintained an illegal economic blockade of the island.

The collapse of the Soviet Union and the end of the Cold War only led us to redouble our efforts. Rep. Robert Torricelli, chairman of the House Subcommittee on Latin America, pledged that he would sow chaos in Cuba and passed legislation to tighten the blockade. President Clinton, endorsed the bill while trolling for votes in Florida and, once elected, set about to enforce it — much to the dismay of our allies and trading partners.

The aim is to hasten the economic collapse of Cuba in the hope of overthrowing Castro. A unilateral policy condemned by the United Nations, the economic embargo is a blatant violation of international law. It probably has helped also to sustain and harden the Castro regime, by reinforcing its bunker mentality.

In Eastern Europe and the former Soviet Union, socialist regimes were shown to be most vulnerable when opened to trade, exchange, travel, and communication. Ironically, that is the argument that President Clinton makes about the communist regime in China. That regime pursues policies directly contrary to U.S. interests: resuming testing of nuclear weapons, shipping missiles to countries such as Iran. China's suppression of human rights is far worse than anything Castro has done.

Yet the president argues that contact and trade will have a great impact on 1.1 billion Chinese, but little on 10 million Cubans. The real difference is a question of price, not principle. The Chinese market beckons. Large and powerful U.S. companies, such as Boeing in Seattle, work assiduously to ease relations. So the president sups with the Chinese while tightening the screw a little more on hapless Cubans.

With its Soviet patron gone, the Cuban economy is in deep crisis. Oil is in short supply; factories can't run; buses and cars are replaced by bikes; food is scarce. The CIA recently warned that conditions were bad enough to trigger a social uprising.

If violence does break out in Cuba, the United States would be involved. Literally thousands of Cuban Americans would rent boats and set sail for Cuba, to save their relatives, or to settle old scores. If the violence spread, the United States would be flooded with refugees that it is legally mandated to accept, a catastrophic well worth avoiding.

So why does the policy go on? Virtually the entire professional core of Latin experts and diplomats opposes it. When asked to explain, one high ranking Clinton State Department appointee stated: "The State Department deals with foreign policy; Cuban policy is a domestic policy question."

The policy has been bartered to the embittered anti-Castro Cuban-American lobby. Under the leadership of Jorge Mas Canosa, the Cuban American National Foundation — a millionaires club of right-wing exiles with rich campaign coffers and the support of many South Florida voters — has taken virtual control. In 1992, Bush and Clinton competed to curry favor from Mas and his allies.

But it is not simply the power and money of the right-wing Cuban leaders that keep the irrational policy going. The U.S. national security apparatus — particularly the CIA — bears a deep grudge toward Castro. His revolution embarrassed them. The Bay of Pigs mortified them. He confronted them in Angola, frustrating designs of the CIA's brutal allies, Jonas Savimbi and apartheid South Africa. The CIA wants revenge.

Castro is no fool. He has survived the U.S. blockade and private war. With the island's economy in collapse and the need for change apparent, he remains unchallengeable. The embargo is costly, but Cuba is not isolated. China's president visited Castro immediately after his Seattle meeting with President Clinton. Perhaps U.S. policy will fail, and Cuba will muddle through, impoverished but independent.

What we must fear, however, is that U.S. policy may succeed. Then the administration and the country will be faced with a costly disaster of its own design, one that could be avoided were the administration to exhibit a bit more foresight and a bit more backbone.

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